

1 **Q. Please state your name.**

2 A. My name is Donald N. Furman.

3 **Q. Did you previously offer testimony in this proceeding?**

4 A. Yes, I filed testimony in the Company's direct case.

5 **Purpose and Summary of Testimony**

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. The purpose of my rebuttal testimony is to provide an overview of the Company's
8 response to the opposing testimony offered in this proceeding by Commission
9 Staff, Public Counsel, and the Industrial Consumers of Northwest Utilities
10 (ICNU). I also discuss a few specific policy issues raised by their testimony, the
11 testimony of the Natural Resources Defense Council (NRDC), and the testimony
12 of The Energy Project. Finally, I introduce the witnesses the Company is
13 presenting in its rebuttal case.

14 **Overview of Opposing Testimony**

15 **Q. What are your observations regarding the overall reasonableness of the**
16 **opposing testimony offered by the parties in this proceeding?**

17 A. Several of the parties focus upon the timing of this case compared to the progress
18 of the Company's Multi-State Process (MSP). The Company needs additional
19 revenue in order to have a reasonable expectation of achieving its allowed return,
20 which drove the immediate need for this case. At the time of the filing, the MSP
21 had not produced a consensus among the states on interstate allocations. As a
22 proxy for such a consensus, the Company filed this case based on the Company's
23 own proposed methodology, which it hoped would bring the six states together.

1 Since we filed the rate case in December, virtually all Utah parties and all Oregon
2 parties except ICNU have stipulated to a Revised Protocol.

3 **Q. How have the parties in this case reacted to these issues of timing?**

4 A. Several of the parties have proposed allocation approaches that are farther from,
5 not closer to, the consensus that is developing around the Revised Protocol.
6 Public Counsel proposes a methodology that would allocate all of the hydropower
7 in Washington to the Washington jurisdiction – a proposal that stands no chance
8 of support from the other states. Unquestionably, the revenue requirement
9 implications for Washington are attractive: Public Counsel proposes a \$25
10 million rate reduction through its Washington-centric proposal. In the event the
11 Commission accepts Public Counsel’s proposal, the Company’s shareholders
12 would bear the entire cost of this revenue reduction, since the Company’s
13 remaining five jurisdictions would be loathe to fill the gap. Staff, for its part,
14 proposes that Washington become an “island” unto itself, which is similarly
15 unattractive to the Company given that the objective of uniformity in cost
16 allocations would be lost. This proposal was advanced during the MSP, but the
17 participants never were able to come up with a practical, workable model for
18 islanding as part of an interstate allocation scheme.

19 With respect to overall revenue requirement recommendations, the Staff
20 case – which recommends a \$7.1 million increase – stands in contrast to the
21 extreme case offered by Public Counsel. It would appear that the Staff case has
22 been tested against an overall reasonableness standard, while the significant rate
23 reduction urged by Public Counsel flies in the face of the cost pressures borne by

1 the entire electric utility industry over the past five years, as well as PacifiCorp's
2 status as one of the lowest-cost providers in the West, if not the entire nation.
3 ICNU, for its part, fails to offer any overall revenue requirement recommendation,
4 so it is impossible to assess the overall reasonableness of its case.

5 **Specific Policy Issues**

6 **Q. What specific policy issues are you addressing in your rebuttal testimony?**

7 A. My rebuttal testimony focuses on a few issues in particular: interjurisdictional
8 cost allocations, required return on equity, and the recovery of costs associated
9 with formation of a Regional Transmission Organization in the Northwest. In
10 addition, I comment briefly on the decoupling proposal suggested by NRDC
11 witness Cavanagh.

12 Interjurisdictional Cost Allocations

13 **Q. What are the Company's broad objectives with respect to the Multi-State
14 Process?**

15 A. Our fundamental MSP objectives are to:

- 16 (a) Establish interjurisdictional cost allocation mechanisms that permit us to
17 plan and operate our generation and transmission system on an integrated
18 basis.
- 19 (b) Establish uniform interjurisdictional cost allocation mechanisms among
20 our six jurisdictions that provide us a reasonable opportunity to earn a
21 return on future investments in generation and transmission facilities.
- 22 (c) Preserve the ability of each of our jurisdictions to implement individual
23 state energy policies in a manner that does not unreasonably burden

1 customers in our other jurisdictions.

2 **Q. Do you believe that the Washington Commission shares these objectives?**

3 A. Yes, we have proceeded on the basis that the Washington Commission shares
4 these objectives. However, these proceedings present an opportunity for the
5 Commission to point us down a different path.

6 **Q. Mr. Buckley asserts in his testimony that “the MSP has failed.” Do you
7 agree with that conclusion?**

8 A. Absolutely not. As described in Ms. Kelly’s Rebuttal Testimony, we have made
9 substantial progress in achieving our objectives. We have virtually unanimous
10 support among Utah parties for the Revised Protocol. In Oregon, only ICNU is
11 opposed to the Revised Protocol, which is otherwise supported by the
12 Commission Staff, the Citizens’ Utility Board and AARP.

13 **Q. What about Wyoming and Idaho?**

14 A. Support from Wyoming and Idaho is critical. However, parties in those states
15 have limited resources to participate in the MSP and have requested that they not
16 be expected to substantially engage in the process until consensus is reached
17 between Utah and Oregon parties. Now that such consensus appears to have been
18 achieved, we are optimistic that we will receive the support of Wyoming and
19 Idaho parties in the next few weeks.

20 **Q. Has Washington presented unique challenges for achieving an MSP
21 resolution?**

22 A. Yes. Washington has presented both substantive and procedural challenges.

1 **Q. Please describe the substantive challenges.**

2 A. MSP participants from all our other jurisdictions shared the perspective that it was
3 critical for our system to continue to be planned and operated on a six-state,
4 integrated basis. In contrast, Washington MSP participants consistently asserted
5 that new resource investments should be focused on the needs of individual states
6 and expressed skepticism about the value of single-system planning. This
7 approach is reflected throughout Mr. Buckley's testimony. The huge gulf in goals
8 and perspectives made it very difficult for Washington participants to reach a
9 meeting of the minds with other MSP participants and consensus with
10 Washington parties was not reached.

11 **Q. What have been the unique procedural challenges in Washington?**

12 A. Based upon the Commission's final order in Docket No. UE-020417, we
13 concluded that the Washington Commission would not welcome a separate MSP
14 filing of the sort we made in other states, and that the Commission's preference
15 was for the allocation issues to be dealt with in the context of a general rate
16 proceeding.

17 Also, the amount of time required to reach consensus in Utah and Oregon has
18 been greater than anticipated, although it is also clear that the additional time
19 resulted in an improved allocation methodology.

20 **Q. Please explain.**

21 A. The MSP has been a highly iterative process. Since the time of our filing, new
22 analyses have expanded our understanding of allocation issues. We have formed
23 new ideas and received new proposals from other MSP participants. Generally

1 speaking, this is a very healthy process and has contributed substantially to
2 consensus building. However, it is clear that the dynamic nature of the process is
3 in conflict with the Company's legitimate need to increase its Washington
4 revenues.

5 **Q. Why is that?**

6 A. In a rate case, it is expected that parties will make filings in accordance with a
7 procedural schedule set well in advance with the expectation that those filings will
8 remain relatively static so that other parties can respond to them. Our challenge in
9 Washington has been to:

- 10 (a) Observe procedural requirements,
11 (b) Preserve our ability to achieve long-needed rate relief in a timely manner,
12 and
13 (c) Present the most current MSP proposal to the Washington Commission for
14 its consideration.

15 **Q. Have you succeeded in these objectives?**

16 A. Not entirely. As a result of discussions with Utah and Oregon parties, a Revised
17 Protocol was developed well after our direct testimony was filed in this case and
18 some 40 days before Staff and intervenor testimony was due. We were advised
19 that there was no procedural opportunity to file supplemental direct testimony
20 incorporating the Revised Protocol.

21 **Q. Is the Revised Protocol included as part of the Company's rebuttal
22 testimony?**

23 A. Yes, it is being included as an exhibit to Ms. Kelly's testimony. While we have

1 been advised that it constitutes proper rebuttal testimony, we understand that other
2 parties to this proceeding have strong views to the contrary.

3 **Q. How does the Company think the Commission should proceed in the face of**
4 **these procedural issues?**

5 A. Although our preference would be that Washington rates be established based
6 upon the Revised Protocol, we are mindful of the procedural concerns raised by
7 the other parties to this proceeding. Given these circumstances, we would not
8 oppose deciding this case on the basis of the original Protocol included in the
9 Company's direct case.

10 **Q. Why should the Revised Protocol be included in the record?**

11 A. Given the number of references to the Revised Protocol in the other parties'
12 testimony, its inclusion is necessary simply as a matter of providing a complete
13 record for the Commission's decision. It is also worth noting that the Revised
14 Protocol would result in a reduction in Washington revenue requirement of \$2.5
15 million compared to the original Protocol as filed in Washington, as described in
16 Mr. Taylor's rebuttal testimony. Including the Revised Protocol in the record also
17 preserves the ability of the parties to consider the issue on its merits. As indicated
18 by Ms. Kelly, while the changes from the original Protocol are material, they are
19 relatively few in number and fairly straightforward. We would hope that the
20 changes would not be resisted in principle in a manner that denies Washington
21 consumers the benefits of the Revised Protocol and further complicates the MSP.
22 Consideration of the Revised Protocol in this proceeding would provide an
23 opportunity to conform Washington policy to that of Utah, Oregon, Wyoming and

1 Idaho and simplify the MSP going forward. That said, we are mindful of the
2 concerns of the Washington parties. If the Commission is persuaded that
3 consideration of the Revised Protocol cannot be adequately accomplished without
4 procedural delay, we continue to believe that the original Protocol establishes a
5 reasonable basis for establishing Washington rates and that it can be easily
6 bridged to the Revised Protocol in the Company's next rate case. While we
7 acknowledge that the process has not been ideal, we do not believe that the
8 procedural challenges warrant Washington being launched in a radically different
9 direction than PacifiCorp's other jurisdictions.

10 **Q. Should the Commission bifurcate this proceeding, as suggested by ICNU**
11 **witness Falkenberg, or otherwise delay implementing a rate increase because**
12 **of allocation issues?**

13 A. No. The Company has long needed a rate increase, for reasons described in its
14 Direct Testimony. Staff agrees that a rate increase is warranted, and ICNU has
15 not identified adjustments sufficient in magnitude to offset the Company's
16 requested increase. More than two hundred pages of testimony and extensive
17 analyses have been filed on the allocation issue. Most of this information has
18 been developed as part of the multi-year MSP. The Commission has the facts
19 upon which to make findings regarding allocations and implement a rate increase.
20 The Commission can and should move forward.

1 **Q. The other parties raise concerns about cost shifts from other states and**
2 **express a desire to be separated from the rest of the system, at least for**
3 **ratemaking purposes. Has the Company addressed these concerns?**

4 A. Mr. Duvall's Rebuttal Testimony discusses why the Company believes that the
5 potential for cost shifts is not as great as Mr. Buckley suggests. At the same time,
6 concerns about the effect of differential load growth are certainly legitimate. That
7 is why the Revised Protocol, at the request of Oregon parties, requires substantial
8 additional study of the issue. While Washington parties expressed a general
9 desire to be "separated" from other states throughout the MSP, they never offered
10 even an outline of a specific proposal. Mr. Buckley's testimony acknowledges
11 that Staff has still not developed a "stand-alone or islanding proposal" and now
12 proposes that the Company take the lead in developing various proposals.

13 **Q. Would Washington customers be better off if they were separated from the**
14 **rest of PacifiCorp's system?**

15 A. We don't know. There is the potential for increased costs and risks to our
16 Washington customers. Separation from the system also does not reflect current
17 operational reality. The Company's Washington service territory is not, and has
18 never been, an island. The Company's Washington customers are served by an
19 integrated six-state system. This integration creates more flexibility, and results
20 in less risk, and lower cost than would a separate system serving the Company's
21 small Washington service area alone. The Rebuttal Testimony of Gregory Duvall
22 discusses these issues.

23 As far as we are aware, the Washington Commission has never suggested

1 that its energy utilities adopt a single-state planning perspective. The State of
2 Washington, for example, has always been active in regional planning efforts
3 coordinated by the former Northwest Power Planning Council. However, if the
4 Commission is persuaded that Washington should be isolated from the rest of the
5 PacifiCorp system from a planning perspective, we will work with parties in
6 Washington and other states to accomplish this outcome. It should be clearly
7 understood that this exercise would likely necessitate a legal or corporate
8 structural change rather than merely ratemaking changes. We are not at all
9 persuaded that Washington can otherwise shield itself from all impacts – positive
10 and negative – of other states. If separation is Washington’s goal, PacifiCorp’s
11 other states will wish to shield themselves from any impacts of Washington
12 policies and prevent cross subsidization.

13 **Q. Should the Commission participate in the MSP Standing Committee?**

14 A. Absolutely. We understand the Washington Commission is strongly committed
15 to regional planning and problem solving.

16 **Q. Mr. Lazar’s testimony states that allocating the cost of new resources**
17 **proportionate to load rather than load growth “would appear to violate the**
18 **‘no-harm’ standard that was applied to the [PacifiCorp/Utah Power] merger**
19 **approval.” Mr. Buckley’s testimony suggests that Washington consumers**
20 **are somehow worse off from the combination with Utah Power apparently**
21 **because it has resulted in price reductions in Utah. Have Washington**
22 **ratepayers been harmed by the PacifiCorp/Utah Power merger?**

23 A. First, the merger occurred some 15 years ago and our collective energies would be

1 better spent developing forward-looking policies that would benefit Washington
2 consumers rather than rehashing old arguments. That said, it is clear that
3 Washington customers have enjoyed substantial benefits as a result of the merger.
4 Initially, Washington customers received direct, quantifiable rate reductions
5 attributable to the merger. The Commission's order approving the merger
6 directed the Company to make a rate filing giving effect to the estimated first-year
7 merger benefits. The Company made such a filing and, effective in June 1989,
8 reduced overall base rates by 3.7 percent. *The Company did not increase base*
9 *rates from that date until January 2001, when it increased base rates by 3.0*
10 *percent.* As a result, PacifiCorp's Washington rates are lower today than they
11 were 15 years ago, during a period that the CPI has increased by nearly 60
12 percent. The Company's customers have experienced an extraordinary degree of
13 price stability and a substantial decline in the real price of electricity since the
14 merger with the Utah Power system.

15 The PacifiCorp/Utah Power merger did not represent a simple averaging
16 of a low-cost utility with a high-cost one. The merged operation produced much
17 greater benefit than the sum of the parts. The Commission's order approving the
18 merger states:

19 "...the Company demonstrated on this record that there are substantial
20 economies to be gained in the first five years of the merger; it estimated
21 total merger benefits of \$48 million per year, increasing to \$158 million
22 per year in the fifth year. While recognizing that these are estimates, the
23 Commission notes the benefits to be of substantial magnitude. The
24 evidence establishing merger benefits was largely uncontradicted." (Page
25 13)

26 One important source of benefit was expected to be, "allowing the merged
27 company to benefit from the diversity of its system, because Pacific Power is a

1 winter-peaking utility and Utah Power is a summer-peaking utility...” (Second
 2 Supplemental Order Approving Merger with Requirements, page 3) The actual
 3 magnitude of this benefit was assessed early in the MSP. An analysis done at that
 4 time found that the peak load of combined system was 785 MW lower than the
 5 sum of the separate loads of the pre-merger divisions. The divisions would have
 6 had to purchase peak power or build additional resources to meet this need, both
 7 of which carry substantial cost and risk. Consumer prices have been lower as a
 8 result of the diversity of the divisions.

9 These system benefits are actually enjoyed by Washington customers.
 10 Consider the results when the industry is stressed, for instance during the Western
 11 energy crisis of 2000/2001. The Commission’s web site provides the following
 12 price comparisons:

13 **Table 1**
Residential Electric Monthly Rates Comparison in WA*

	10/1/95	10/1/00	10/1/03
PSE	59.95	61.06	58.85
Avista	45.05	45.05	56.53
PacifiCorp	47.92	51.30	42.13
Seattle City Light	34.55	50.18	67.94
Tacoma Power & Light	45.40	45.40	63.07
Snohomish PUD	51.98	54.24	80.07

14 **(Rates for PUDs include municipal taxes in their calculation, while IOUs
 do not).*

15 PacifiCorp’s prices fell over this period while the prices of most other
 16 utilities increased, some of them substantially. PacifiCorp now has the lowest
 17 residential rates out of the three investor-owned utilities and the three largest

1 customer-owned utilities in Washington. The chart also shows that Tacoma
2 Power, Snohomish PUD and Seattle City Light, the utilities most isolated from
3 multi-state integration, have seen the largest price increases over this time period
4 and now have the highest prices.

5 Return on Equity

6 **Q. What is the policy issue with respect to return on equity?**

7 A. Mr. Hill, testifying on behalf of Staff **and** Public Counsel, recommends a return
8 on equity for the Company of only 9.375%. Dr. Hadaway's rebuttal testimony
9 addresses the specific points in Mr. Hill's analysis. My testimony discusses the
10 broader implications associated with Mr. Hill's recommendation.

11 **Q. What are these broader implications?**

12 A. Mr. Hill's position is extreme. The financial markets follow these proceedings
13 closely, and the mere recommendation by the Staff/Public Counsel witness of
14 such a radical figure could potentially cause repercussions in the financial markets
15 for not only this Company but also the other utilities regulated by the
16 Commission. In the case of Puget Sound Energy and Avista, the consequences
17 may be even greater given their current credit circumstances and their greater
18 reliance on this Commission for rate relief that allows them reasonable returns.
19 For PacifiCorp, it is a particularly challenging time given the pressures on the
20 balance sheet that we expect over the next several years. It is essential that the
21 Company maintain its financial integrity in order to remain reliable and low-cost.

22 **Q. Why do you describe Mr. Hill's recommendation as radical?**

23 A. This Company is no stranger to rate proceedings before various state commissions

1 over the past two years. In those proceedings, the Company has consistently been
2 allowed a return between 10.5 percent and 11.0 percent. Most recently, the
3 Wyoming Commission in February 2004 granted an ROE of 10.75 percent. The
4 overwhelming consensus among financial analysts, journalists and commentators
5 is that interest rates are headed significantly higher over the next several years.
6 As Dr. Hadaway testifies, these higher rates will put downward pressure on the
7 price of utility equities, which in turn will raise, not lower, the equity returns
8 required by investors. Moreover, apart from the returns ultimately authorized by
9 these commissions, the Company never faced a recommendation from any party
10 for an ROE of less than 10.0 percent, much less the sub-9.5 percent figure
11 advanced by Mr. Hill. Moreover, there is no example that Mr. Hill can cite in
12 allowed ROEs for integrated electric utilities over the last 18 months that is
13 remotely close to his 9.375% recommendation, as Dr. Hadaway discusses.

14 Recovery of RTO-Related Costs

15 **Q. Please describe the issue with respect to recovery of RTO-related costs.**

16 A. Staff witness Buckley recommends that the Washington-allocated amount of the
17 Company's total expenditures related to development of an RTO included in this
18 proceeding be removed for retail ratemaking purposes. ICNU witness
19 Schoenbeck also testified that expenses related to the RTO development should
20 be excluded.

21 **Q. What reasons did Mr. Buckley and Mr. Schoenbeck give for their**
22 **recommendations?**

23 A. Mr. Buckley stated the RTO-related expenses "are not ongoing costs that should

1 be recovered through the retail electric rates.” Mr. Schoenbeck makes a slightly
2 different point, stating that the expenses should be excluded because they are “not
3 associated with ongoing *productive* functions (emphasis added).”

4 **Q. Do you agree?**

5 A. No. Because we have been engaged since the early 1990s in various forms of
6 joint planning or restructuring of the transmission grid, and anticipate continued
7 efforts, I do not agree with Mr. Buckley that transmission restructuring efforts are
8 not ongoing. These operating expenses related to the Company’s RTO Project
9 include personnel and related support costs for an expert team made up of both
10 Company personnel, outside contract support and legal support. RTO-specific
11 development efforts have been ongoing since late 1999 in response to FERC’s
12 guidance in Order 2000. This Commission has previously recognized the
13 diligence and good faith with which the Company has pursued these efforts. Prior
14 to the RTO-specific development efforts, the Company was engaged in efforts to
15 improve the provision of transmission services by developing an independent grid
16 operator in response to the Federal Energy Regulatory Commission’s (FERC’s)
17 Order 888. Mr. Schoenbeck admits the RTO development is “ongoing” but says
18 that the expenses should be excluded because the RTO is not yet operating and
19 the expenses are “neither used nor useful” during the test year. I will address
20 Mr. Schoenbeck’s argument later in my testimony.

21 **Q. Do you expect RTO expenses to continue into the foreseeable future at a level**
22 **comparable to the test year expense?**

23 A. Yes. We remain optimistic that the region will support some form of regional

1 transmission organization, so the level of the Company's expenses in the future
2 should be comparable. Grid West is currently undergoing a review by the
3 Bonneville Power Administration (BPA). Even if Grid West ultimately fails to
4 receive the support of the region, the Pacific Northwest must continue to work
5 jointly to plan a transmission system to accommodate the growing importance of
6 renewables, continued load growth (including our Washington service territory),
7 and increasing congestion on the grid. That work will be done, and is being done,
8 by the same people and resources currently deployed in support of an RTO.

9 **Q. What is your response to Mr. Schoenbeck's statement that although the RTO**
10 **development is "ongoing," the expenses should be excluded because the RTO**
11 **is not yet operating and the expenses are "neither used nor useful" during**
12 **the test year?**

13 A. I disagree that the expenditures are not useful. In order to continue operations as
14 a transmission provider, the Company needs to comply with current FERC
15 requirements. And again, as explained in my answer to the previous question, we
16 must commit to this type of work and this level of resources if the region is to
17 maintain the high reliability and flexibility that are the hallmarks of the Northwest
18 system.

19 **Q. How do you respond to Mr. Buckley's position that RTO project expenses**
20 **should be disallowed because "[n]o benefits for retail electric customers have**
21 **been demonstrated?"**

22 A. Retail electric customers could not be served without transmission services. Not
23 only is transmission necessary to deliver power from generating resources to the

1 Company's distribution system; it is also used to market surplus energy for the
2 benefit of retail customers, to acquire alternative supplies during outages, and to
3 displace expensive resources when market conditions allow. Our retail customers
4 directly benefit from the Company's transmission services and, consequently,
5 from the ordinary, necessary, and reasonable expenditures that are associated with
6 the provision of such services.

7 **Q. Mr. Buckley also claims that the Company's operating expenses relevant to**
8 **RTO development should be reviewed for prudence by the Commission as**
9 **part of any RTO filing before the Commission, but that those same costs**
10 **should be recovered through the appropriate RTO tariff. Do you agree?**

11 A. No. I disagree on both counts. First, as ongoing regulatory expenses, the
12 Company's operating expenses for its RTO project are properly subject to review
13 and inclusion in rates now because they are ordinary, necessary, and reasonable.
14 Second, Mr. Buckley's statement that, on the one hand these expenses should be
15 subject to a prudence review by the Commission, and on the other, that they
16 should be recovered only through a FERC-approved RTO tariff, is contradictory.

17 NRDC's Proposed True-Up Mechanism

18 **Q. What do you understand NRDC to be proposing in this case?**

19 A. I understand from Mr. Cavanagh's testimony that he is urging the Commission to
20 make a policy decision favoring a true-up mechanism to eliminate financial
21 disincentives for demand-side solutions. He is not recommending that a
22 mechanism be implemented as part of this proceeding, but that a favorable policy
23 decision by the Commission be followed by a reasonable period in which the

1 parties would attempt to achieve a consensus on an approach to offer for the
2 Commission's consideration.

3 **Q. What is the Company's position with respect to this issue?**

4 A. As stated in Ms. Johansen's direct testimony, the Company is interested in
5 implementing a decoupling mechanism designed to remove disincentives to
6 investment in cost-effective demand-side resources. If the Commission provides
7 the necessary policy guidance, we would welcome the opportunity to work with
8 the parties to develop a decoupling mechanism for the Company that can be
9 offered for the Commission's consideration in a subsequent proceeding.

10 Low Income Programs

11 **Q. Do you have any comments on the testimony of Charles Eberdt on behalf of
12 The Energy Project?**

13 A. Yes. Mr. Eberdt has a number of comments on low income programs. Our low
14 income programs provide important assistance in ensuring that our low income
15 customers can manage their bills and have access to information regarding energy
16 conservation. The Company is proud of its low income programs, and we would
17 be open to discussions on low income issues with all parties in the future to assure
18 that our service remain affordable to our low income customers.

19 **The Company's Rebuttal Presentation**

20 **Q. What witnesses are included in the Company's rebuttal presentation, and on
21 what subjects will they be testifying?**

22 A. The Company witnesses filing rebuttal testimony, and the subjects they will be
23 covering, are:

1 **Samuel C. Hadaway**, FINANCO, Inc., will respond to the Mr. Hill's testimony
2 regarding the allowed return on equity and capital structure to be established for
3 the Company in this proceeding.

4 **Andrea L. Kelly**, Managing Director, Strategic Projects, **Gregory N. Duvall**,
5 Managing Director, Planning and Major Projects, and **David L. Taylor**, Director
6 of Revenue Requirements, each present testimony regarding multi-jurisdictional
7 cost allocations, and respond to the testimony offered by Staff, Public Counsel
8 and ICNU on this issue.

9 **Mark T. Widmer**, Regulation Manager, will testify regarding PacifiCorp's net
10 power costs, and will describe the basis for proposed annual net power costs of
11 \$555 million, as well as respond to other parties' proposed adjustments to net
12 power costs.

13 **Richard C. Woolley**, Vice President of Generation, provides testimony in
14 response to proposed adjustments to steam maintenance expense and the
15 treatment of certain generating unit outages.

16 **Chris R. Mumm**, Director of Structuring & Pricing, Commercial & Trading,
17 describes the necessity of hedging contracts or contracts that provide price and
18 volume optionality, and explains the Company's use of Black-Scholes modeling
19 for certain energy resource purchase decisions.

20 **Erich D. Wilson**, Director of Compensation, will describe the Company's
21 incentive compensation programs, and responds to specific adjustments proposed
22 by Staff and ICNU to the Company's incentive compensation expense and
23 international assignee program.

1 **John F. Fryer**, Group Director - Insurance, will respond to other parties'
2 proposed adjustments to the Company's insurance costs.

3 **Larry O. Martin**, Tax Director, provides testimony in response to adjustments
4 proposed by Public Counsel and Staff relating to the recovery of IRS settlement
5 payments.

6 **Reed C. Davis**, Director of Planning, will respond to Staff's proposed
7 temperature normalization adjustment.

8 **J. Ted Weston**, Regulation Manager, will present the Company's overall revenue
9 requirement based on its rebuttal presentation, and will respond to various
10 revenue requirement adjustments proposed by the other parties.

11 **Karl D. Anderberg**, Regulation Manager, will also respond to various revenue
12 requirement adjustments proposed by the other parties.

13 **Q. Does this conclude your rebuttal testimony?**

14 A. Yes.