

# Davison Van Cleve PC

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Suite 2460  
1000 SW Broadway  
Portland, OR 97205

August 18, 2004

*Via Electronically and U.S. Mail*

Carole J. Washburn  
Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
Olympia, WA 98504

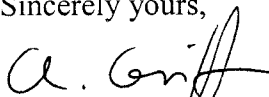
Re: In the Matter of Pacific Power & Light General Rate Increase of \$26.7  
million (13.5%)  
**Docket No. UE-032065**

Dear Ms. Washburn:

Enclosed please find the original and seventeen (17) copies of the Industrial Customers of Northwest Utilities' supplemental response to Bench Request No. 3 in the above-referenced matter.

Please return one file-stamped copy of the bench request in the self-addressed, stamped envelope provided. Thank you for your assistance.

Sincerely yours,

  
Christian W. Griffen

Enclosures

cc: Service List

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**DOCKET NO. UE-032065**

**ICNU'S SUPPLEMENTAL RESPONSE TO BENCH REQUEST NO. 3**

**Bench Request No. 3:**

Please state with respect to each adjustment proposed by your witnesses whether the proposed adjustment is identical to an adjustment proposed by any other party, should be viewed as a complete or partial alternative to an adjustment proposed by any other party, or is an adjustment proposed only by ICNU. In the case of adjustments proposed only by ICNU, state the cost category(ies) under which such adjustment should be made on bases comparable to prefiled Exhibit Nos. TES-2 and TES-3.

**Supplemental Response to Bench Request No. 3:**

ICNU provides this supplemental response to Bench Request No. 3 in order to correct an inadvertent typographical error in the NET OPERATING INCOME and RATE BASE table provided in response to Bench Request No. 3. In the original response, the line labeled "Steam O&M Adjustment" showed a value of \$442,650. The correct value, as shown on the supporting detail sheets on page 4, column 30, is \$559,650. This leads to corrected Subtotal Adjustments and Adjusted Total.

Attached please find a revised version of the NET OPERATING INCOME and RATE BASE table.

Date: August 18, 2004  
Respondents: Randall Falkenberg, Donald Schoenbeck  
Witnesses: Randall Falkenberg, Donald Schoenbeck

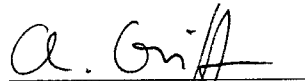
DESCRIPTION	REVENUES	EXPENSES	NET OP. INCOME	RATE BASE
	Protocol	Protocol	Protocol	Protocol
Unadjusted Operating Revenues	291,202,007			
Unadjusted O&M Expenses,Depr, Amort,Misc.Rev/Exp.		238,919,181		
Unadjusted Income Taxes in Exp. & Rate Base		14,547,854		\$ (64,317,270)
Unadjusted Rate Base Other Than Income Taxes				\$ 653,473,951
Net Operating Income/Rate Base (Per Books)	\$ 291,202,007	\$ 253,467,035	\$ 37,734,972	\$ 589,156,681
<b>BPA Settlement Adj.</b>	-	(391,290)	\$ 391,290	
<b>Morgan Stanley Call</b>	-	(136,233)	\$ 136,233	
<b>Semprea Call</b>	-	(48,952)	\$ 48,952	
<b>West Valley</b>	-	(177,709)	\$ 177,709	
<b>P4 Production</b>	-	(27,717)	\$ 27,717	
<b>Aquila hydro hedge</b>	-	(99,804)	\$ 99,804	
<b>Aron Temperature Hedge</b>	-	(119,765)	\$ 119,765	
<b>Morgan Stanley Temp Hedge</b>	-	(102,656)	\$ 102,656	
<b>Fort James</b>	(20,383)	(42,993)		
<b>Increase Market Size Limit</b>	1,439,574	894,871	\$ 544,703	
<b>Outage Rate Adjustments</b>			\$ -	
<b>Hunter Outage</b>	413,052	(11,183)	\$ 424,235	
<b>CT Outage Rates</b>	91,721	51,879	\$ 39,843	
<b>JB 4 Outage</b>	26,407	418	\$ 25,990	
<b>Hunter Transformer Outages</b>	118,471	-3,767	\$ 110,918	
<b>Blundell Deration</b>	11,091	7,552	\$ 11,261	
<b>Hunter 3 Outage (Prudence)</b>	18,664	(170)	\$ 18,834	
<b>DJ 3 Catastrophic Outage</b>	57,870	(7,560)	\$ 65,430	
<b>HDN - 1 Catastrophic Outage</b>	20,176	1,933	\$ 18,243	
<b>Colstip 4 Catastrophic Outage</b>	25,049	(2,271)	\$ 27,320	
<b>Other Company Error Outages</b>	-	(34,246)	\$ 34,246	
<b>Wyodak Capacity</b>	106,734	6,464		
<b>CT Dispatch Logic/Quick Start</b>	-	(72,285)	\$ 72,285	
<b>Emergency Energy Adjustment</b>	-	(162,310)	\$ 162,310	
<b>Gadsby/ West Valley Heat Rates</b>	-	(176,296)	\$ 176,296	
<b>Gadsby CT Rate Base</b>	-	(4,616)	\$ 4,616	\$ (658,050)
<b>WAPA Transmission Contract</b>	487,125	170,494	\$ 316,631	
<b>Full Hydro Fuel Credit</b>	-	(557,920)	\$ 557,920	
<b>Reserves and Load Following</b>	-	(1,252,058)	\$ 1,252,058	
<b>Gadsby/West Valley Treatment</b>	(4,604,169)	(4,836,774)	\$ 232,605	\$ (5,775,739)
<b>Steam O&amp;M Adjustment</b>	-	(559,650)	\$ 559,650	
<b>Snake River Litigation</b>	-	(88,410)	\$ 88,410	
<b>Multi-State Process</b>	-	(72,345)	\$ 72,345	
<b>RTO Development</b>	-	(186,226)	\$ 186,226	
<b>Hive Down</b>	-	(20,187)	\$ 20,187	
<b>Personal Income Tax Fees and Payments</b>	-	(11,045)	\$ 11,045	
<b>Accounting: Corporate and Non-Regulated</b>	-	(225,331)	\$ 225,331	
<b>SUBTOTAL Adjustments</b>	<b>(1,808,619)</b>	<b>(8,298,157)</b>	<b>\$ 6,363,062</b>	<b>\$ (6,433,789)</b>
<b>Adjusted Total (Normalized Results at present rates)</b>	<b>\$ 289,393,388</b>	<b>\$ 245,168,877</b>	<b>\$ 44,098,034</b>	<b>\$ 582,722,892</b>

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing supplemental response to Bench Request No. 3 of the Industrial Customers of Northwest Utilities upon the parties, shown below, listed on the official service list in UE-032065, by causing the same to be mailed, postage-prepaid, through the U.S. Mail, as well as electronically via e-mail.

DATED at Portland, Oregon this 18th day of August, 2004.

Davison Van Cleve, P.C.

  
Christian W. Griffen

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