

September 23, 2004

VIA ELECTRONIC FILING & FIRST CLASS MAIL

Carole Washburn
Executive Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
PO Box 47250
Olympia, WA 98504-7250

Re: Washington Utilities and Transportation Commission v. PacifiCorp, d/b/a Pacific
Power & Light Company, Respondent
Docket No. UE-032065

Dear Secretary Washburn;

During the cross-examination of Jim Lazar by Mr. Galloway on behalf of PacifiCorp Mr. Lazar was asked to accept several items "subject to check." At Transcript Page 438, Mr. Lazar was asked by Mr. Galloway, to accept, subject to check, the following:

Q Will you accept, subject to check, that the Company pays Bonneville \$50 million a year to take 575 megawatts of capacity?

Concern was expressed about how he would check this assertion, and the Company agreed to provide a copy of the contract.

Mr. Lazar has received and reviewed that contract. It provides as follows, in paragraph 5:

Sale of Capacity and Amounts Sold

Bonneville shall make available, and Pacific shall purchase each month of each contract year an amount of surplus firm capacity equal to 1100 megawatts (the Contract Demand.)

The figure of 1100 megawatts that appears in the contract is approximately twice as large as the figure used by Mr. Galloway and accepted "subject to check." Similarly, the terms of the contract do not appear to reconcile with Exhibit 6, page 2, "BPA Peaking."

If the figure of \$50 million used by Mr. Galloway was accurate, the cost per kilowatt would be half of what his question implied, and would have drawn a different response from the witness. The requested "subject to check" cannot be confirmed and is not accepted.

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Public Counsel therefore moves that Page 438, Line 4 through Page 440, Line 23 be stricken from the record.

Sincerely,

ROBERT W. CROMWELL, JR.
Assistant Attorney General
Public Counsel Section
(206) 464-6596

RWC:cjw
Enclosure
cc: Parties
ALJ Moss