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September 24, 2004

VIA OVERNIGHT MAIL

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

**Re: PacifiCorp
Docket No. UE-032065**

Dear Ms. Washburn:

This is in response to Public Counsel's letter dated September 23, 2004 which declined to accept a "subject to check" item and went on to move to strike nearly three pages of testimony from the record. PacifiCorp opposes the Motion to Strike, to the extent the letter can be characterized as such. Moreover, the necessary documentation to substantiate the testimony is available, and is provided herewith. The testimony should stand as transcribed, and the relief sought by Public Counsel should be denied.

Documents Substantiating the "Subject to Check" Statement

As indicated in Mr. Cromwell's letter, the "subject to check" item relates to a capacity contract between the Company and BPA under which the Company pays approximately \$50 million annually for 575 megawatts of capacity. A copy of the contract, originally executed in 1992 and including a Contract Demand of 1100 megawatts, was provided to Public Counsel and was included with Mr. Cromwell's letter. That contract was subsequently restated in 1994 (a copy of which is included as Attachment A), and Section 7(b)(2)(a) of the Restated Contract permits PacifiCorp to reduce the capacity. Included as Attachment B are three letters from PacifiCorp to BPA which, pursuant to Section 7(b)(2)(a) of the Restated Contract, reduced the Contract Demand from the 1100 MW referred to in Mr. Cromwell's letter to the 575 MW referred to in the "subject to check" discussion.

Oregon
Washington
California
Utah
Idaho



As for the \$50 million figure, page 2 of Exhibit 6, entitled "Purchased Power & Net Interchange," includes an entry on the 12th line under "Long Term Firm Purchases" which is labeled as "BPA Peaking." This is the contract to which the "subject to check" item relates, and the first column indicates that for the 12 months ended March 2004 the annual cost was \$50,387,250. This is the basis for the \$50 million figure in Mr. Galloway's statement. Thus, a basis has been provided for Mr. Lazar to accept the statement offered to him "subject to check," and he should not be permitted to deny it.

Response to the Motion to Strike

Irrespective of whether the specific statement accepted "subject to check" is rejected, there is no basis for striking the subsequent testimony cited in Mr. Cromwell's letter. The "subject to check" discussion occurs from page 438, line 10 through page 439, line 5. The subsequent discussion—which Public Counsel seeks to strike—establishes that because the contract is "a capacity arrangement and no energy is acquired, it isn't reflected in either the numerator or the denominator of [Mr. Lazar's] dollars per megawatt calculation." In response, Mr. Lazar confirmed that his calculation "makes no change to the allocation of or treatment of that." (Page 439, lines 3-10.) The essential point—that because it is a capacity contract that allows a return of MWh during off-peak hours, there are no net MWhs—does not depend on the MW level of the contract. There are no net MWhs regardless of whether the contract is 1100 MW or 575 MW since all energy taken during peak hours is returned in off-peak hours. The point remains that if the BPA peaking contract is added to Mr. Lazar's calculations, it will increase the dollars by \$50 million (numerator), but will not increase the MWhs (denominator). Therefore, the \$ / MWh cost of Western Control Area resources would increase when this contract is added into the calculation. The important pieces are the \$50 million and the fact that there are no net MWhs. No basis has been shown for striking this discussion, and it should remain in the record as transcribed.

Very truly yours,

James M. Van Nostrand
Counsel for PacifiCorp

JMV:jlf

cc: Service List

Attachment A

RESTATED SURPLUS FIRM CAPACITY SALE AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

PACIFIC POWER & LIGHT COMPANY

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This AGREEMENT, executed 9/27/94, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville) and PACIFICORP, doing business as PACIFIC POWER & LIGHT COMPANY (Pacific), a corporation organized and existing under the laws of the State of Oregon, hereinafter sometimes referred to individually as "Party" and collectively as "Parties".

WITNESSETH:

WHEREAS Bonneville is engaged in the sale of electric capacity and energy at wholesale and plans to meet the requirements of this Agreement only with surplus firm capacity.

WHEREAS Bonneville, in accordance with subsection 5(f) of the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501 (Northwest Power Act), has capacity available that is surplus to its obligations incurred pursuant to subsections 5(b), 5(c), and 5(d) of the Northwest Power Act; and

WHEREAS Pacific is a utility engaged in the generation, transmission, and distribution of electric energy in the Pacific Northwest; and

WHEREAS Bonneville and Pacific were Parties to a Power Sales Contract dated August 31, 1971, which provides for the sale of firm capacity by Bonneville to Pacific (Contract No. 14-03-29136) and which expired under its own terms at 2400 hours on August 31, 1991; and

WHEREAS Pacific, in reliance on the former regional Hydro-Thermal Program, incorporated the purchase of firm capacity from Bonneville into its long-term resource planning decisions and therefore desires to continue to purchase surplus firm capacity from Bonneville in order to meet its Pacific Northwest firm load obligations; and

WHEREAS Bonneville desires to sell surplus firm capacity to Pacific under the terms specified herein; and

WHEREAS the Parties intend that Bonneville's surplus firm capacity obligations under this Agreement shall be incorporated into Bonneville's long-term planning forecasts and associated capacity marketing decisions; and

WHEREAS Bonneville is authorized pursuant to law to dispose of electric power and energy generated at various federal hydroelectric projects in the Pacific Northwest or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority;

NOW, THEREFORE, the Parties hereto mutually agree as follows:

1. TERM OF AGREEMENT

This Agreement shall be effective at 2400 hours on August 31, 1991, and shall continue until 2400 hours on August 31, 2011. All obligations incurred hereunder shall be preserved until satisfied.

2. EXHIBITS

General Contract Provisions GCP Form PSC-2 (Exhibit A), Bonneville Wholesale Power Rate Schedules and General Rate Schedule Provisions (Exhibit B), and Contract Demand and Points of Delivery (Exhibit C) are hereby made a part of this Agreement. If a provision in the body of this Agreement or of Exhibit C is in conflict with a provision in Exhibit A or B, the provision in the body of this Agreement or in Exhibit C shall prevail. If a provision of Exhibit A is in conflict with a provision of Exhibit B, the provision of Exhibit A shall prevail.

3. DEFINITIONS

The following terms, when used in this Agreement with initial capitalization, whether singular or plural, shall have the meanings specified:

- (a) "Agreement" means this Restated Surplus Firm Capacity Sale Agreement between Bonneville and Pacific.

- (b) "Calendar Week" means the week beginning at 0001 hours on Sunday, and ending at 2400 hours on the following Saturday.
- (c) "Contract Demand" means the maximum rate of delivery in any hour, in megawatts (MW), for surplus firm capacity as specified in Exhibit C.
- (d) "Contract Year" means the period September 1, 1991, through June 30, 1992, and thereafter each 12 months beginning July 1, or such other 12-month period as may be adopted as a contract year under the Pacific Northwest Coordination Agreement, as it may be amended or replaced.
- (e) "Heavy Load Hours" means the period from 0700 hours through 2200 hours on any day Monday through Saturday.
- (f) "Light Load Hours" means those hours which are not Heavy Load Hours.
- (g) "Peaking Energy" means the electric energy associated with the delivery of surplus firm capacity to Pacific.
- (h) "Peaking Replacement Energy" means an amount of energy equal to the Peaking Energy which Pacific is obligated to return to Bonneville.
- (i) "Point(s) of Delivery" means the point(s) of interconnection between Bonneville's and Pacific's systems as specified in Exhibit C.
- (j) "Whitebook" means Bonneville's publication of its forecasted firm loads and planned firm resources in an annual long-range planning document entitled **Pacific Northwest Loads and Resources Study** or its comparable successor planning document.

- (k) "Workday" means each day which both Parties observe as a regular day of work.

4. POINTS OF DELIVERY

Bonneville shall make surplus firm capacity and associated Peaking Energy available to Pacific pursuant to section 5(a), and Pacific shall make available Peaking Replacement Energy to Bonneville pursuant to section 5(b) at the Points of Delivery specified in Exhibit C.

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 the Contract Demand specified in Exhibit C for such Contract Year.

(a) Surplus Firm Capacity and Peaking Energy

Bonneville shall make scheduled amounts of surplus firm capacity and associated Peaking Energy available to Pacific in any hour or in any portion of an hour, in amounts up to the Contract Demand, pursuant to the scheduling provisions of section 6. During the Heavy Load Hours, such scheduled amounts of Peaking Energy shall not exceed 10 megawatthours (MWh) per MW of Contract Demand in any day and shall not exceed 50 MWh per MW of Contract Demand in any Calendar Week.

(b) Peaking Replacement Energy

(1) Deadline for Returns

Except as provided in section 5(b)(3), or unless arrangements for compensation pursuant to section 8(c) have been agreed to by the Parties, Pacific shall, within 168 hours after the receipt of any

Peaking Energy at the Points of Delivery, deliver an equal amount of Peaking Replacement Energy to Bonneville at the Points of Delivery. The Parties' schedulers or dispatchers may agree to delay deliveries of Peaking Replacement Energy beyond 168 hours or provide for advanced delivery of such Peaking Replacement Energy.

(2) **Normal Rate of Return.**

Except as provided in section 5(b)(3), Pacific may deliver Peaking Replacement Energy at hourly rates of up to 100 percent of Contract Demand, or at hourly rates greater than 100 percent of Contract Demand upon agreement by Bonneville.

(3) **Restricted Rate of Return.**

Bonneville shall have the right, subject to the limitations in section 5(b)(4), to limit such hourly schedules of Peaking Replacement Energy during any month of any Contract Year to amounts not less than, unless otherwise mutually agreed, an amount (MWhs per hour) equal to the Contract Demand applicable for such month of such Contract Year, as set forth in Exhibit C, multiplied by the Limitation Factor for such month as set forth below:

Month	Limitation Factor
July	0.60
August	0.60
September	0.60
October	0.60
November	1.00
December	1.00
January	1.00
February	1.00
March	0.60
April	0.60
May	0.80
June	0.80

(4) Limitations on Rate of Return Restrictions.

If, pursuant to section 5(b)(3), Bonneville elects to limit Pacific's hourly schedules of Peaking Replacement Energy during any hour(s) of any Contract Year, such hourly limitations shall, unless otherwise mutually agreed, be imposed for a minimum of five (5) consecutive hours and provided, that the sum of such hourly limitations in any Contract Year or in any Calendar Week shall not exceed the maximum number of hours per Contract Year or per Calendar Week set forth below for such Contract Year and provided further, that the number of hours of such limitations shall be calculated for each hour during the months of March through October of any Contract Year as:

$$H = \frac{1.0 - ((ASL) / (CD))}{(1.0 - LF)}$$

Where:

H = The number of hours of limitations on Peaking Replacement Energy, calculated to the nearest 0.1 hour.

ASL = The maximum hourly schedule of Peaking Replacement Energy allowed by Bonneville in the hour (MWh/hr).

CD = The Contract Demand (MW).

LF = The Limitation Factor for such hour.

Contract Year(s)	Maximum hours per Contract Year	Maximum hours per Calendar Week
1	500	35
2-5	600	35
6-10	850	42
11-20	1100	42

6. SCHEDULING PROVISIONS

Unless otherwise agreed by the Parties' respective schedulers or dispatchers for a specific schedule, all schedules of Peaking Energy and Peaking Replacement Energy shall be subject to the following provisions:

(a) All deliveries of Peaking Energy and Peaking Replacement Energy shall be prescheduled on each Workday for each hour of the following day or days through the next regular Workday.

(1) Except as provided in section 6(a)(2), all preschedules under this Agreement shall be submitted in accordance with Bonneville's prevailing scheduling practice within the Pacific Northwest under Bonneville's utility firm power sales contracts entered into pursuant to section 5(b) of the Northwest Power Act as such contracts may be amended or replaced; provided that Pacific shall not be required to submit a preschedule earlier than 1200 hours.

(2) In the event Bonneville elects to limit schedules of Peaking Replacement Energy pursuant to section 5(b)(3), Bonneville shall give reasonable advance notice to Pacific but in no event shall such notice be later than 1100 hours on any Workday for the following day or days through the next Workday. If such schedules are so restricted, preschedules will be due the later of:

(A) three hours from the time such notice is received by Pacific, or

(B) the time preschedules are normally due pursuant to section 6(a)(1).

(b) Changes to Preschedules

Pacific shall have the right to make limited changes to prescheduled deliveries of Peaking Energy as described below, provided that the schedule of Peaking Energy in any hour or portion of an hour shall not exceed the Contract Demand.

(1) Heavy Load Hours

Upon verbal notice given not less than 30 minutes prior to the beginning of any Heavy Load Hour, or less than 30 minutes if agreed by Bonneville, Pacific shall have the right to increase or decrease the amount of Peaking Energy prescheduled or scheduled for delivery during such Heavy Load Hour; provided that the sum of the absolute values of any differences between the final schedule and the original preschedule pursuant to section 6(a)(1) for Peaking Energy (expressed in MWh) during the Heavy Load Hours of any day shall not exceed an amount equal to six times Contract Demand (expressed in MWh).

(2) Light Load Hours

Upon verbal notice given not less than 30 minutes prior to the beginning of any Light Load Hour, or less than 30 minutes if agreed by Bonneville, Pacific shall have the right to increase the amount of Peaking Energy prescheduled or scheduled for delivery during such Light Load Hour.

(c) Bonneville shall schedule Peaking Energy to Pacific in hourly amounts requested by Pacific pursuant to this section.

(d) Except as provided in section 6(b), any changes to preschedules or schedules of Peaking Energy and Peaking Replacement Energy under this Agreement shall be only upon mutual agreement of the Parties. The Parties shall use best efforts to avoid requesting such additional changes from the prescheduled amounts.

7. CONTRACT DEMAND

(a) Increases in Contract Demand

Based on Bonneville's determination of the availability of surplus firm capacity, the Parties may mutually agree to increase the Contract Demand specified in Exhibit C.

(b) Decreases in Contract Demand

(1) Decrease by Bonneville

Upon 5 years' written notice to Pacific, Bonneville may, based on the then current Whitebook, reduce Pacific's Contract Demand as follows:

- (A) To the extent necessary to meet Bonneville's obligations under its firm power sales contracts entered into pursuant to sections 5(b), (c), and (d) of the Northwest Power Act and under any renewal or extension of such contracts, and**
- (B) To the extent necessary to meet Bonneville's obligations pursuant to other contracts for the sale of capacity (or capacity with energy) to Pacific Northwest public bodies and cooperatives entitled to preference and priority under the then applicable law, and**
- (C) To the extent necessary to meet Bonneville's capacity/energy exchange obligations under contracts entered into prior to November 1, 1989, and**
- (D) To the extent necessary to meet Bonneville's capacity/energy exchange obligations under contracts entered into subsequent**

to November 1, 1989; provided that, at the time such exchange obligations were incurred, Bonneville, for the term of this Agreement had a projected firm capacity surplus of at least 300 MW in excess of the aggregate of such new obligations, based on the medium load forecast projection in the Whitebook in effect at the time such obligations were incurred.

(E) In the event that Bonneville, pursuant to (A), (B), (C), or (D) above, elects to provide notice of a reduction in Pacific's Contract Demand, such reductions shall be limited to the amounts and for the months and Contract Years as necessary to meet the obligations as specified in this section 7(b)(1). In such event, Pacific may elect to apply any monthly reduction to any other or to all months of the Contract Year or subsequent Contract Years or for the remaining term of this Agreement.

(2) Decrease by Pacific

- (A) Pacific, upon 5-years' written notice to Bonneville, may commence reducing, including to zero, the Contract Demand applicable to subsequent Contract Year(s), provided that any such reductions shall be limited to amounts of up to 175 MW per Contract year and shall be effective at the beginning of such subsequent Contract Year(s).
- (B) Pacific shall have a limited right to decrease its Contract Demand on one (1) years' notice if Bonneville executes a contract(s) to sell or exchange surplus firm capacity based on

the then current Whitebook and utilizing planned resources not then in service to support such sale or exchange. Such right to decrease Contract Demand shall be limited to the lesser of (i) 175 MW per year (including to zero), or (ii) the amount by which the surplus firm capacity sale or exchange entitled to priority over Pacific pursuant to section 7(b)(1), exceeds during any period, the amount of the sale or exchange which would have been entitled to such priority if such Whitebook had included only resources then in service. The required notice by Pacific may be given any time after the execution of such sale or exchange contract(s). Any such Contract Demand reductions by Pacific shall be effective one (1) year from the date of such notice, without regard to the period for which such sale or exchange contract(s) rely on such planned Whitebook resources.

(3) Restoration of Contract Demand

In the event that Bonneville, pursuant to section 7(b)(1), elects to provide notice of a reduction in Pacific's Contract Demand and:

- (A) subsequently determines, based upon the medium load forecast from the then current Whitebook projection, that in any month, amounts of surplus firm capacity will become available which are in excess of the sum of:
- (i) any of Bonneville's obligations under section 7(b)(1)(A) and (B);
 - (ii) Bonneville's obligations resulting from contracts under section 7(b)(1)(C) and (D) which existed at the time of Bonneville's notice;

(iii) the capacity obligations hereunder which have not been so reduced; and

(iv) 300 MW; or

(B) prior to any restoration of service to other customers or other disposition of capacity (or capacity with energy), other than:

(i) any of Bonneville's obligations under section 7(b)(1)(A) and (B); and

(ii) Bonneville's obligations resulting from contracts under section 7(b)(1)(C) and (D) which existed at the time of Bonneville's notice;

then Bonneville shall offer such excess firm capacity calculated under section 7(b)(3)(A) or the amount of such proposed restoration or disposition of capacity under section 7(b)(3)(B) to Pacific in writing under the terms of this Agreement and up to the amount of Contract Demand that was reduced pursuant to section 7(b)(1). Such increase shall be effective at the beginning of the next Contract Year, or earlier by mutual agreement. Pacific shall have sixty (60) days to accept Bonneville's offer.

(4) Transmission Assistance

In the event that Pacific's Contract Demand is reduced pursuant to section 7(b)(1) or 7(b)(2)(B), Bonneville will use its best efforts to grant any reasonable request by Pacific for transmission services as may be required to acquire replacement peaking capacity from other sources, provided, that excess transmission capacity is available, and the

provision of such capacity is consistent with applicable statutory requirements as well as Bonneville's then existing policies and practices.

8. PAYMENT AND RATES

(a) Payment

Bonneville shall prepare a consolidated power bill for net payments due by either Party to the other Party under this and other agreements. In accordance with Bonneville's General Rate Schedule Provisions in Exhibit B, Bonneville shall submit such bill to Pacific, and Pacific shall pay Bonneville each month, for all amounts described in this section.

(b) Rate for Surplus Firm Capacity

Payment for surplus firm capacity made available by Bonneville under this Agreement shall be at the rate specified in this section 8(b). The effective rate shall be rounded to the nearest cent. The rates for surplus firm capacity are as follows:

(1) Initial Rate

\$4.92 per kilowatt (kW) - month of Contract Demand.

(2) Escalation

Beginning on September 1, 1991, the rate for surplus firm capacity purchased by Pacific under this Agreement shall be adjusted periodically to reflect changes in Bonneville's average system cost. Such adjustment shall be made whenever Bonneville has a general rate case and such adjustment shall be effective on the same day that adjustments to Bonneville's other rates become effective.

The adjusted rate for firm capacity shall be determined from the following formula:

$$\text{PPL} - 90_n = \text{PPL} - 90_{\text{init}} \times \frac{\text{BASC}_n}{\text{BASC}_{\text{init}}}$$

WHERE: $\text{PPL} - 90_n$ = The adjusted firm capacity rate (in \$/kW-month of Contract Demand and calculated to the nearest cent) to be effective subsequent to Bonneville's then most recent general rate case on the effective date of Bonneville's other newly adjusted rates.

$\text{PPL} - 90_{\text{init}}$ = \$4.92 per kW-month of Contract Demand.

BASC_n = Bonneville's average system cost (in mills per kWh and calculated to the nearest one-tenth of a mill) as determined in Bonneville's then most recent general rate case that will be used to adjust Bonneville's wholesale power rate schedules. Bonneville's average system cost shall be equal to Bonneville's total system costs for the test period of such general rate case divided by Bonneville's total annual system sales (kWh) forecasted for such test period. Bonneville's total system costs shall be the sum of all Bonneville's costs forecasted in each general rate case for the applicable rate period, including total transmission costs, Federal base system costs,

new resource costs, exchange resource costs, and other costs not specifically allocated to a rate pool, such as section 7(g) costs under the Northwest Power Act. Bonneville's total annual system sales shall be the sum of all Bonneville's system firm and nonfirm sales forecasted in each general rate case for the applicable test period. Bonneville average system cost shall be redetermined in each subsequent general rate case according to the above formula and will be in effect for the entire rate period over which the rates are in effect.

$BASC_{init} = 23.8$ mills per kilowatthour.

(c) **Cashout**


The Parties may agree that Pacific shall provide a payment rather than deliver Peaking Replacement Energy to Bonneville pursuant to section 5(b)(1). Any such payment shall be at a rate authorized under Bonneville's then-effective rate schedules.

9. **TERMINATION OF OTHER AGREEMENTS**

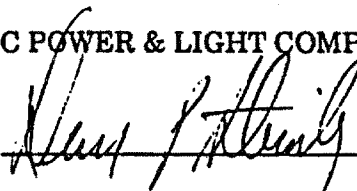
This Agreement supersedes and replaces all other agreements related to the purchase by Pacific of surplus firm capacity from Bonneville; namely the Bridge Agreement, Contract No. DE-MS79-91BP93119 and the Short-Term Surplus Firm Capacity Agreement, Contract No. DE-MS79-92BP93757.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Senior Account Executive
Name Patrick McRae
(Print/Type)
Date 9/27/94

PACIFIC POWER & LIGHT COMPANY

By 
Name Dennis P. Steinberg
(Print/Type)
Title Senior Vice President
Date September 30, 1994

(PMLAN-PMCN-W\PMCN\CT\92497RST.DOC)

CONTRACT DEMAND

Subject to changes as provided in this Agreement, the Contract Demand for any month of any contract period shall be 1100 megawatts (MW). In the event of any such changes to the Contract Demand, the Parties shall prepare an amended Exhibit C to reflect such changes.

POINTS OF DELIVERY

General

The Parties agree that for the purposes of this Agreement, Peaking Energy and Peaking Replacement Energy shall be scheduled between the Parties' systems for receipt and/or delivery at all of the Points of Delivery set forth below, provided that;

1. Nothing in this Agreement shall be construed to limit or change either Party's rights to receive and/or deliver power and energy at other points of delivery or locations under other agreements.
2. Nothing in this Agreement shall be construed to obligate either Party to construct new facilities at any Point of Delivery unless the Parties mutually agree upon a set of objectives for the provision of such facilities.
3. Nothing in this Agreement shall be construed to limit or change either Party's ownership or contractual rights or obligations (including Intertie rights or obligations) under other agreements.
4. By mutual agreement, the Parties may from time to time add or delete Points of Delivery from this Exhibit C and in such event, the Parties shall prepare an amended Exhibit C to reflect such changes.

POD Descriptions

1. ALVEY 500 kV POINT OF DELIVERY

Location: the point in Bonneville's Alvey Substation where the 500 kV facilities of the Parties hereto are connected;

Voltage: 500 kV;

Metering: in Bonneville's Alvey Substation, in the 500 kV circuits over which electric power and energy flows;

2. FAIRVIEW 230 kV POINT OF DELIVERY

Location: the point in Bonneville's Fairview Substation where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Bonneville's Fairview Substation, in the 230 kV circuit over which electric power and energy flows;

3. McNARY 230 kV POINT OF DELIVERY

Location: the point in Bonneville's McNary Substation where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Bonneville's McNary Substation, in the 230 kV circuit over which electric power and energy flows;

4. MIDWAY POINT OF DELIVERY

Location: the point in Bonneville's Midway Substation where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Bonneville's Midway Substation, in the 230 kV circuit over which electric power and energy flows;

5. OUTLOOK POINT OF DELIVERY

Location: the point in Pacific's Outlook Substation where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Pacific's Outlook Substation, in the 115 kV circuit over which electric power and energy flows;

Exception: there shall be an adjustment for losses between the point of metering and the point of delivery;

6. PILOT BUTTE POINT OF DELIVERY

Location: the point in Bonneville's Redmond-Yamsay 230 kV transmission line where the facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Pacific's Pilot Butte Substation, in the 69 kV circuits over which electric power and energy flows;

Exception: there shall be an adjustment for losses between the point of metering and point of delivery;

7. PONDEROSA POINT OF DELIVERY

Location: the point in Bonneville's Ponderosa Substation where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Bonneville's Ponderosa Substation, in the 230 kV circuit over which electric power and energy flows;

8. RESTON POINT OF DELIVERY

Location: the point in Bonneville's Reston Switching Station where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Bonneville's Reston Switching Station, in the 230 kV circuit over which electric power and energy flows;

9. TROUTDALE POINT OF DELIVERY

Location: the points in Bonneville's Troutdale Substation where the 230 kV facilities of the Parties hereto are connected;

Voltage: 230 kV;

Metering: in Bonneville's Troutdale Substation, in the 230 kV circuits over which electric power and energy flows;

Exception: the Integrated Demands of the two circuits are totalized;

10. YAMSAY POINT OF DELIVERY

Location: the point where Bonneville's Redmond-Yamsay 230 kV transmission line and Pacific's Yamsay-Klamath Falls 230 kV transmission line are connected;

Voltage: 230 kV;

Metering:

- (a) in Pacific's Chiloquin Substation in the 230 kV circuit over which electric power and energy flows;
- (b) in Pacific's Pilot Butte Substation, in the 69 kV circuit over which electric power and energy flows;

Exception: there shall be an adjustment for losses between the point of delivery and the points of metering;

11. SUMMER LAKE POINT OF DELIVERY

Location: the point in Bonneville's Summer Lake Substation where the 500 kV facilities of the Parties hereto are connected;

Voltage: 500 kV;

Metering: in Bonneville's Summer Lake Substation, in the 500 kV circuits over which electric power and energy flows.

Attachment B

DENNIS P. STEINBERG
Senior Vice President

700 N.E. Multnomah
Suite 1600
Portland, Oregon 97232-4116
(503) 731-2157
FAX (503) 731-2027



August 28, 1995

Patrick G. McRae
Senior Account Executive
Bonneville Power Administration
SH-700, Suite 400
P. O. Box 3621
Portland, Oregon 97208-3621

Dear Mr. McRae:

Pursuant to Section 7(b)(2)(A) of the Restated Surplus Firm Capacity Sale Agreement between Bonneville and PacificCorp, Contract No. DE-MS79-88BP92497, PacificCorp hereby notifies Bonneville Power Administration that it will reduce the Contract Demand from 1100 MW to 925 MW, effective July 1, 2000.

If you have questions in this regard, please call Gregory Duvall at (503) 464-5624.

Sincerely,

/s/DPS

JDE:jr

bc: Bayless, Brattebo, Cannady-SPCC, Cory, Dalley-700 POP,
Duvall, Embler, Esteb, Furman-485 LCT, Galloway-27 SIC,
Granat, Hill-540 LCT, Kaake-SPCC, Miller-SPCC, Persichetti,
Rasmussen, Sickels, Stamper/Johannsen, Watters, Weaver,
Wood-27 SIC

File: BPA - Contract File
BPA - Correspondence File

BRIAN D. SICKELS
Vice President
Global Energy Trading

700 N.E. Multnomah, Suite 1600
Portland, Oregon 97232-4116
(503) 731-2133
FAX (503) 731-2160



June 17, 1998

Kimberly Leathley
Account Executive
Bonneville Power Administration
PO Box 3621
Portland, Oregon 97208-3621

Dear Ms. Leathley,

PacifiCorp's, Mr. Dick Barnette, has been in contact with you on several occasions these past two months regarding possible business arrangements that may influence PacifiCorp's decision regarding a reduction in the Contract Demand under the Restated Surplus Firm Capacity Sale Agreement, Contract No. DE-MS79-88BP92497 (Capacity Sale Agreement). To Date, our respective representatives have not had the opportunity to pursue these discussions. Therefore, pursuant to Section 7 (b) (2) (A) of the Capacity Sales Agreement, PacifiCorp hereby notifies Bonneville Power Administration that it will reduce the Contract Demand from 925 MW to 750 MW, effective July 1, 2003.

If Bonneville Power Administration desires to pursue these discussions, please provide PacifiCorp a letter extending the July 1, 1998 notice date for changes in Contract Demand for the Contract Year commencing July 1, 2003.

If you have questions in this regard, please call Jerry Miller at (503) 251-5158.

Sincerely,

A handwritten signature in black ink, appearing to read "BDS", with a horizontal line extending to the right.

Brian Sickels
Vice President

bc: Apperson, Barnette, Beck, Brattebo, Eddy-SLC, Dalley-700POP, Galloway-217SIC, Miller-SPCC, Plemons-SPCC, Persichetti-2025 LCT, Rasmussen, Tallman, Weaver, Wood-27SIC

File: BPA-Contract File
BPA- Correspondence File

Received

JUN 24 1998

Contract Administration



June 28, 1999

Kimberly Leathley
Account Executive
Bonneville Power Association
P.O. Box 3621
Portland, OR 97208-3621

Subject: Restated Surplus Firm Capacity Sale (Agreement)
Contract No: DE-MS79-88-BP92497

Dear Ms. Leathley:

This is to advise you that, pursuant to Section 7(b) (2) (A) of the above referenced Agreement, PacifiCorp hereby notifies Bonneville Power Administration that it will reduce the Contract Demand from 750 MW to 575 MW, effective July 1, 2004.

Please call me at (503) 251-5159 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan Watters", written over a horizontal line.

Stan Watters
Managing Director
Wholesale Energy Services

Bc: Apperson, Beck, Brattebo, Eddy, Galloway, Kroger, Persichetti, J. Miller,
Plemons, Tallman, Wood, Wm. Miller

File: BPA Correspondence - OSB
BPA Contracts - OSB

Received

JUN 30 1999

Contract Administration

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing document upon the parties of record in this proceeding by first-class mail, addressed to said parties/attorneys' addresses as shown below:

Melinda J. Davison
Davison Van Cleve, PC
1000 SW Broadway, Suite 2460
Portland, OR 97205

John O'Rourke
Citizens' Utility Alliance of Washington
212 W Second Avenue, Suite 100
Spokane, WA 99201

Ralph Cavanagh
Northwest Project Director
Natural Resources Defense Council
71 Stevenson Street, Suite 1825
San Francisco, CA 94105

Robert Cromwell
Public Counsel Section
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012

Shannon Smith
Washington Utilities & Transportation Commission
1400 S Evergreen Park Drive SW
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Chuck Eberdt
The Energy Project
1701 Ellis Street
Bellingham, WA 98225

Shannon E. Smith
Assistant Attorney General
1400 S Evergreen Park Drive SW
Olympia, WA 98504-0128

DATED: September 24, 2004.



James M. Van Nostrand