BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	Docket No. UE-061546
TRANSPORTATION COMMISSION,) Docket No. UE-060817
Complainant,) (consolidated))
v. PACIFICORP D/B/A PACIFIC POWER & LIGHT COMPANY,	REPLY OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES
Respondent.	
In the Matter of the Petition of))
PACIFIC POWER & LIGHT COMPANY)
For an Accounting Order Approving Deferral of Certain Costs Related to the MidAmerican))
Energy Holdings Company Transition.	. <i>)</i>

The Industrial Customers of Northwest Utilities ("ICNU") submits this reply in support of the motion for clarification ("Motion") of the Washington Utilities and Transportation Commission ("WUTC" or the "Commission") Staff. Staff's Motion should be granted because the Commission appears to have misunderstood the evidence presented by ICNU and Staff in reaching its conclusions regarding the use of filtered water years.

The Commission found that ICNU and Staff did not filter water year data, and that ICNU and Staff filtered the distribution of GRID estimated power costs. ¹/₂ In its

PAGE 1 - REPLY OF ICNU

DAVISON VAN CLEVE, P.C. 333 S.W. Taylor, Suite 400 Portland, OR 97204 Telephone: (503) 241-7242

2

1

WUTC v. PacifiCorp, Docket Nos. UE-061546 and UE-060817, Order No. 08 at ¶ 96 (June 21, 2007).

Motion, Staff correctly points out that it did not "filter" costs or the GRID estimate power costs, but instead filtered the water year data.²/

3

estimated power costs in its proposed water year adjustment. As demonstrated by Mr. Falkenberg's exhibit "Filtered Water Adjustment," ICNU's proposal filters only for hydro conditions. Mr. Falkenberg computed the mean and standard deviation of hydro generation levels, and then computed the number of standard deviations from the mean for each of the individual hydro generation scenarios. The exhibit shows how Mr. Falkenberg excludes the water years which are more than one standard deviation from the mean. The average of power costs for only those years that are not "filtered" was computed in Exhibit No. 168. If Mr. Falkenberg had used a "filtered power cost" approach, then the analysis would have had to have computed a mean and standard deviation for power costs.

4

Similarly, the Commission also concluded that power costs, which are based on market prices and fuel prices, are affected by hydro conditions and that this "skews" the power cost distribution. ⁶/PacifiCorp's GRID computer model uses the same market prices for power regardless of hydro conditions. ⁷/Thus, hydro conditions do not skew the power cost distribution in GRID.

Motion at 2.

Exh. No. 168 (Filtered Water Adjustment).

⁴⁄ Id.

<u>5</u>/ Id

WUTC v. PacifiCorp, Docket Nos. UE-061546 and UE-060817, Order No. 08 at ¶ 98.

¹/₂ Exh. No. 81 at 16: 19-20 (Widmer Direct).

5

6

As described by Staff, the Commission should clarify its order to provide the Commission and the parties with proper guidance in future proceedings.⁸/ In addition,

clarification could warrant the Commission altering its overall analysis on this issue.

Staff's Motion.

Dated in Portland, Oregon, this 29th day of June, 2007.

Respectfully submitted,

WHEREFORE, ICNU respectfully requests that the Commission grant

DAVISON VAN CLEVE, P.C.

Melinda J. Davison

Irion Sanger

333 S.W. Taylor, Suite 400

Portland, Oregon 97204

(503) 241-7242 telephone

(503) 241-8160 facsimile

mail@dvclaw.com

Of Attorneys for Industrial Customers

of Northwest Utilities

Motion at 2.