

Exhibit No.____ (RJF-8T)
Docket No. UE-100749
Witness: Randall J. Falkenberg

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	Docket No. UE-100749
v.)	
)	
PACIFICORP d/b/a PACIFIC POWER &)	
LIGHT COMPANY,)	
)	
Respondent.)	

SUPPLEMENTAL TESTIMONY OF RANDALL J. FALKENBERG
ON BEHALF OF
THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

December 6, 2010

1 **Q. ARE YOU THE SAME RANDALL FALKENBERG WHO PREVIOUSLY**
2 **FILED TESTIMONY IN THIS CASE?**

3 **A.** Yes.

4 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

5 **A.** My supplemental testimony is being provided in response to the Second
6 Prehearing Conference Order in this proceeding. In that order, the Commission
7 directs the Company and other parties to file revised testimony and exhibits to
8 comply with the requirements of WAC § 480-07-510 as discussed during the
9 explanatory session held with the Commission advisors. I also sponsor and
10 describe supplemental workpapers.

11 **Q. PLEASE DESCRIBE THE COMPANY ADJUSTMENTS YOU CONTEST.**

12 **A.** In my original pre-filed testimony and this supplemental testimony, I contest the
13 Company's adjustment 3.5 (Green Tag Revenue) and 5.2, Net Power Costs Pro-
14 Forma. I also introduce a new adjustment not addressed by the Company, 4.9,
15 related to a Combined Cycle Plant Start Up O&M Pro-Forma adjustment.

16 **Q. PLEASE DESCRIBE EXHIBIT NO. ___(RJF-9).**

17 **A.** This exhibit presents the composite effect of the three adjustments referenced
18 above in the format prescribed by WAC § 480-07-510, as was explained to me at
19 the Second Prehearing Conference. It shows the development of the test year
20 revenue requirement based on my adjustments starting from the Company's per-
21 books and restating adjustments, as required. Next the Company Pro-Forma
22 adjustment is shown, and finally my 3 composite adjustments: 3.5.1, 4.9 and
23 5.2.1-5.2.21. Note that I have no ratebase adjustment in this testimony. Nor do I
24 contest the Company's actual cost or restating adjustments.

1 **Q. PLEASE DESCRIBE EXHIBIT NO. ___(RJF-10).**

2 **A.** This exhibit provides a breakdown of my adjustments to 5.2, Net Power Costs
3 Pro-Forma, in the format prescribed by WAC § 480-07-510.

4 **Q. PLEASE DESCRIBE THE DIFFERENCE BETWEEN TABLE 1 AND**
5 **EXHIBIT NO. ___(RJF-9) AND EXHIBIT NO. ___(RJF-10).**

6 **A.** In Table 1 of my previously filed testimony, the impact on expenses or revenue of
7 my proposed adjustments is presented. In Exhibit No. ___(RJF-9) and Exhibit
8 No. ___(RJF-10), the revenue requirements impact including taxes to these
9 adjustments is presented. I have revised Table 1 and included it with this
10 supplemental testimony so that it shows each adjustment based on the numbering
11 convention applied in Exhibit No. ___(RBD-3), as was suggested at the
12 November 17, 2010 Second Prehearing Conference.

13 **Q. PLEASE EXPLAIN TABLE 1 REVISED.**

14 **A.** There are additions to the information provided earlier. The adjustment
15 numbering system is as follows. Adjustments 1-21 are all net power cost
16 adjustments that should be combined with Adjustment 5.2 proposed by the
17 Company. Thus, I identify these adjustments as 5.2.1 to 5.2.21. For example,
18 Adjustment 1 from my original direct testimony is listed as Adjustment 5.2.1.
19 The new numbering is shaded in Table 1 Revised. Adjustment 4.9 corresponds to
20 my original Adjustment 22, while Adjustment 3.5.1 corresponds to my original
21 adjustment 23. Adjustment 3.5.1 should be used in addition to Company
22 Adjustment 3.5. (I don't dispute that per-books Green Tag Revenues should be
23 removed, but propose they be replaced with Pro-Forma Green Tag Revenues.)

**Table 1
Summary of Recommended Adjustments - Revised**

		Total West Control Area	Est. WA Jurisdiction
		CAEW	22.27%
		CAGW	22.09%
I. GRID (Net Variable Power Cost Issues)			
	PacifiCorp Request NPC	569,914,100.82	128,870,625.00
A. GRID Sales Margins			
5.2.1	1 Added Sales Margins	(2,641,596.41)	(585,874.38)
B. GRID Commitment Logic Error and Start Up Costs			
5.2.2	2 Commitment Logic Screens	(4,388,595.37)	(973,337.79)
C. Long Term Contract Modling			
5.2.3	3 East Market Sale - Corrections and Expansion	(1,015,601.10)	(225,248.14)
5.2.4	4 East Market Sale - Reliability Benefits	(1,249,212.07)	(277,060.25)
5.2.5	5 SCL Stateline Termination /Renegotiation	(3,958,799.80)	(878,014.29)
5.2.6	6 SMUD Contract Delivery Pattern	(2,067,393.41)	(458,523.05)
D. Transmission Modeling			
5.2.7	7 Colstrip East Trans. Cost	(206,009.85)	(45,690.51)
5.2.8	8 PACE Trans. Cost	(1,641,156.00)	(363,988.71)
5.2.9	9 DC Intertie Costs	(4,766,400.00)	(1,057,130.32)
5.2.10	10 NF Trans	(719,499.83)	(159,576.43)
E. Wind Integration Adjustments			
5.2.11	11 Model Wind Intra Hour Wind Integration Cost in GRID	(563,211.12)	(124,913.47)
5.2.12	12 Non-Owned Inter Hour Wind	(1,428,815.49)	(316,894.13)
5.2.13	13 Non-SCL Stateline Intra Hour Wind Integration	(289,015.53)	(64,100.18)
5.2.14	14 Oregon Wind Farm Intra Hour Wind Integration	(833,682.70)	(184,900.82)
5.2.15	15 Cambell Wind Farm Intra Hour Wind Integration	(1,161,496.55)	(257,606.00)
F. Outage Modeling and Other NPC Adjustments			
5.2.16	16 Planned Outage Schedule	(1,937,493.53)	(429,712.82)
5.2.17	17 Colstrip Outage	(1,697,532.79)	(376,492.40)
5.2.18	18 JBFuel Adjustments	(2,935,047.00)	(650,958.20)
5.2.19	19 Minimum Loading and Deration Adj.	(1,352,178.81)	(299,897.03)
5.2.20	20 Forward Price Curve Update	(3,457,535.40)	(766,839.86)
5.2.21	21 Balancing Adjustment -est.	1,000,000.00	221,788.00
	Subtotal NPC Baseline Adjustments -	(37,310,272.75)	(8,274,970.77)
	Allowed - Final GRID Result*	532,603,828.07	120,595,654.23
G. Other Adjustments			
4.9	22 Combined Cycle O&M Adjustment	(2,530,000.00)	(561,123.64)
3.5.1	23 Renewable Energy Credit Revenue	-	(4,870,266.34)
	Total Adjustments	(39,840,273)	(13,706,360.75)

1 **Q. DOES THIS SUPPLEMENTAL TESTIMONY INCLUDE A SECTION**
2 **EXPLAINING THE REASON, THEORY AND CALCULATION OF EACH**
3 **PROPOSED ADJUSTMENT**

4 **A.** No. Each adjustment is discussed in my previously filed testimony and includes a
5 description of the adjustment, the reasons for it, and how it was calculated. I do
6 not believe that any of my adjustments differs specifically from established
7 WUTC precedent, but if the Commission were to believe otherwise, the departure
8 from precedent is simply the value of the adjustment as shown in Exhibit No.
9 ____ (RJF-9) and Exhibit No. ____ (RJF-10).

10 **Q. HAVE YOU PROVIDED ADDITIONAL WORKPAPERS WITH YOUR**
11 **SUPPLEMENTAL TESTIMONY?**

12 **A.** Yes. Supplemental workpapers are provided to the parties which provide
13 additional support for the information presented herein.

14 **Q. DOES THIS SUPPLEMENTAL TESTIMONY SUBSTANTIVELY**
15 **CHANGE YOUR PREVIOUSLY FILED TESTIMONY?**

16 **A.** No. I am, however, filing errata corrections simultaneously with this
17 supplemental testimony. These are minor corrections pursuant to WAC § 480-07-
18 460 that change typographical errors discovered subsequent to filing my
19 testimony.

20 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

21 **A.** Yes.