

1 Q. Please state your name, occupation, and business address.

2 A. My name is Judi Johansen. My business address is 825 NE Multnomah, Portland,  
3 Oregon 97232. I am the Chief Executive Office of PacifiCorp.

4 **Qualifications**

5 Q. Please describe your education and business experience.

6 A. I am the former Administrator and Chief Executive Officer of the Bonneville  
7 Power Administration (BPA). Immediately prior to that, I served as Vice-  
8 President for Business Development of Avista Energy, Washington Water  
9 Power's wholesale marketing subsidiary.

10 In 1992 I was Senior Policy Advisor at BPA, serving as lead negotiator on  
11 Endangered Species Act consultations with the National Marine Fisheries Service  
12 on the Columbia River operations. From 1994-96, I was BPA's Vice President  
13 for Generation Supply, with executive oversight of power supply, scheduling,  
14 trading, short-term sales and federal and non-federal projects. From 1983 to 1992,  
15 I was a practicing attorney in the field of energy law and natural resources law.

16 I have a Bachelor of Science degree in political science from Colorado  
17 State University and a Doctor of Jurisprudence from Northwestern School of Law  
18 at Lewis and Clark College

19 **Purpose of Testimony**

20 Q. What is the purpose of your rebuttal testimony?

21 A. My testimony highlights and summarizes the key issues discussed in the  
22 Company's rebuttal testimony. Specifically, my testimony provides an overview  
23 of the following:

- 1 • The importance of this case to the Company. The financial community has  
2 reacted to PacifiCorp's experiences in the Western power markets with  
3 concern. At a time in which the Company needs access to affordable capital  
4 to make infrastructure investments to solve the energy crisis, it is critical that  
5 the Company receive a fair and reasonable result in this case.
- 6 • The reasonableness of the Company's net power costs in this filing. I address  
7 the power cost adjustments proposed by other parties which, if adopted, would  
8 eliminate the opportunity for PacifiCorp to recover its actual power costs in  
9 rates.

10 Q. Why is this case important to the Company?

11 A. The outcome of this case is critical to PacifiCorp's future. PacifiCorp has been hit hard  
12 by the unprecedented price increases in the Western power markets and, as discussed in  
13 the rebuttal testimony of Karen Clark, the financial community has reacted with concern.  
14 Most recently, Moody's has announced that it is placing PacifiCorp's debt under review  
15 for a possible downgrade.

16 . In order to ensure that PacifiCorp has the financial stability to weather the  
17 Western energy crisis, while continuing to provide efficient and reliable service to its  
18 customers, PacifiCorp needs a fair and reasonable result in this case, including significant  
19 rate relief.

## 20 **Power Costs**

21 Q. Why is it important for the Commission to set the power costs in this case at the  
22 level sought by PacifiCorp?

1 A. As explained more fully in the rebuttal testimony of Mark T. Widmer, the  
2 Company's system net power costs in the test year were approximately \$806  
3 million on an adjusted basis, which is almost double the level of power costs  
4 included in the Company's current Utah rates. The financial harm PacifiCorp  
5 faces because of this mismatch between its prices and its current costs is  
6 significant.

7 Q. How have other parties to this case reacted to the Company's request for increased  
8 power costs in its rates?

9 A. The Division of Public Utilities (DPU), the Committee of Consumer Services  
10 (CCS) and other intervenors have proposed power cost adjustments which, if  
11 adopted by the Commission, would essentially eliminate PacifiCorp's entire  
12 revenue requirement increase related to power costs. For example, the CCS  
13 recommends power cost adjustments of about \$136 million.

14 The result of the CCS adjustments is to reduce the Company's current net  
15 system power costs to approximately the level established in Docket No. 99-035-  
16 10, even though the power costs set in that case predate the Western U.S. energy  
17 crisis. Thus, at a time when the Company clearly needs rate relief on its power  
18 costs, and at a time when utilities throughout the West are raising rates to  
19 incorporate sky high power costs, the CCS recommends that PacifiCorp's  
20 increased level of power costs not be included in its rates.

21 Such a result divorces ratemaking from wholesale market realities in a  
22 manner that could seriously undermine PacifiCorp's financial well being.  
23 Utilities throughout this state and in the West generally are seeking and obtaining

1 significant rate increases based upon wholesale market conditions. There is  
2 nothing that isolates this utility or the state of Utah from the impact of the volatile  
3 Western wholesale market and there is no reason why rate outcomes here should  
4 be different than elsewhere.

5 Q. Please describe some of the actions PacifiCorp has taken to respond to high  
6 market prices.

7 A. Over the last several months, PacifiCorp has implemented load  
8 curtailment programs for large customers throughout its service  
9 territories. PacifiCorp has also introduced new programs for its smaller customers  
10 designed to lower power consumption, such as its 20/20 program. PacifiCorp has  
11 also been a key player in the state's Power Forward program which encourages  
12 voluntary conservation efforts by notifying customers when they need to cut back  
13 on energy usage. PacifiCorp is also actively pursuing recovery of its increased  
14 costs in its other jurisdictions.

15 Q. On a relative basis, how has PacifiCorp weathered the unusually high electric  
16 market?

17 A. PacifiCorp and its customers have certainly fared better than many others. Mr.  
18 Stan Watters' rebuttal testimony describes PacifiCorp's wholesale market  
19 strategy. This strategy is based upon broad diversification of markets, supply  
20 resources and contract terms. The Company's diversification is designed to both  
21 increase opportunities and mitigate risk. Over the last decade, the strategy has  
22 resulted in savings to customers of over \$1 billion and the addition of over 1300  
23 MW of new capacity, without any significant rate increases. The strategy has also

1           resulted in solid fundamentals with which to meet future market challenges,  
2           including relatively low market exposure and future benefits to customers based  
3           predominantly on a reliable, stable resource portfolio.

4    Q.    Has the Company taken steps to moderate the impact of its requested price  
5           increase on customers?

6    A.    Yes. First, the Company has settled and/or removed a number of issues in the  
7           case, lowering the Company requested revenue requirement to \$118 million.

8                    Second, to send customers the right price signals, PacifiCorp has  
9           presented, as described in the testimony of William R. Griffith, a proposal for  
10          inverted rates in this case.

11   Q.    Please summarize the Company's case.

12   A.    The Company needs a fair outcome in this case to get through the current energy  
13          crisis. Taking into account all circumstances, the Company has requested an  
14          extremely reasonable revenue requirement increase in this case. A Commission  
15          order granting PacifiCorp its requested relief should send the appropriate signal to  
16          the financial communities that PacifiCorp remains a strong company and has the  
17          support of its key regulators. An outcome that falls short of the requested relief  
18          would further damage the Company's financial health.

19   Q.    Does this conclude your testimony?

20   A.    Yes.