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## BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

	)	
In the Matter of the Application of	)	RESPONSE OF THE COMMITTEE
PacifiCorp for Approval of its	)	OF CONSUMER SERVICES TO
Proposed Electric Rate Schedules	)	PETITION OF PACIFICORP FOR
and Electric Service Regulations	)	RECONSIDERATION
_	)	Docket No. 99-035-10
	)	

The Committee of Consumer Services (the "Committee") submits this brief response to the Petition of PacifiCorp for Reconsideration of Report and Order filed in this matter.

## I. COMPUTER SOFTWARE WRITE-DOWN

In its petition for reconsideration, PacifiCorp claims that as a result of the Commission's treatment of the computer software write-down the company "could permanently lose any opportunity to recover those software write-down costs, much like it has now permanently lost its opportunity to recover Solar 2 costs." Petition p. 3. That claim is misleading and should be given no weight by the Commission. The company had every opportunity to recover Solar 2 costs if recovery had been requested at the appropriate time. The company will also have the opportunity to recover software write-down costs in an appropriate test year. PacifiCorp attempts to muddy the ratemaking fact that recovery of specific expense, revenue and rate-base items is a function of particular test years. And that works both ways. If a large revenue item appears in a year which is outside the test period, ratepayers would likely lose the benefit of that item of revenue. If a cost occurs in a year that is not a rate case test year, it is generally not included in rates. Regarding the

software cost write-down in this case the Commission has done nothing that deviates from this practice and the Order

does not need to be reconsidered on this issue.

II. NET POWER COST ADJUSTMENTS

PacifiCorp has also requested reconsideration of net power cost adjustments and in so doing has misstated the

Committee's position, and, the Committee believes, the decision of the Commission. PacifiCorp's reconsideration

petition states: "All of these statements fail to recognize that the Committee proposed and the Commission adopted the

use of *normalized* prices for short-term firm purchases." Petition, p. 9 (emphasis in original). PacifiCorp has either

misunderstood the Committee's position or is using a different definition of "normalized" than the Committee and

Commission. The Committee position, as stated in the testimony of Mr. Falkenberg, was that the Commission should

use actual prices for short-term firm purchases adjusted for losses. Mr. Falkenberg's testimony is straightforward:

As a result, I recommend that *actual volumes and prices* for transactions be used where reasonable. However, in many months, PacifiCorp made transactions in the Utah Division where purchase prices were higher than the comparable sales prices. I have eliminated these losses from the analysis. This is consistent with the assumptions made by the Company in its modeling of the normalized prices because in its normalization adjustment the

Company assumed no losses occurred.

Direct Testimony of Randall J. Falkenberg for the Committee of Consumer Services (CCS-6) 24:11-16 (emphasis

added). The Commission's order on this issue is consistent with the evidence presented and should not be reconsidered.

**CONCLUSION** 

PacifiCorp has not presented sufficient reason for the Commission to reconsider its order with respect to the

software write-down costs and the net power cost adjustments. The order should stand as it is on those issues.

Dated this 23<sup>rd</sup> day of June, 2000.

Douglas C. Tingey

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**CERTIFICATE OF SERVICE** 

I hereby certify that I caused a copy of the foregoing Response of the Committee of Consumer Services to Request for Reconsideration, in Docket No. 99-035-10, to be mailed, postage prepaid on this 23<sup>rd</sup> day of June, 2000, to the following:

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