

1 Q. Please state your name, business address and position with PacifiCorp (the  
2 Company).

3 A. My name is Neil L. Getzelman. My business address is 201 South Main Street,  
4 Suite 2100, Salt Lake City, Utah 84140, where I am employed as General  
5 Manager, Fuel Marketing and Supply. My responsibilities include fuel  
6 procurement, contract administration, budgeting and fuel strategy.

7 Q. Please describe your education and business experience.

8 A. I graduated from Colorado State University in 1975 with a Bachelor of Science in  
9 Finance. Since then I have earned a Bachelor of Science in Accounting from the  
10 University of Utah in 1978 and an MBA from Brigham Young University in  
11 1986. I joined Utah Power & Light Company in 1977 in the Mining and  
12 Exploration Department. I was involved in a number of administrative functions  
13 in the Mining Department including budgeting, contract administration and  
14 analysis of various mining options. I have had direct responsibility for contract  
15 administration and Fuel Department administrative functions. Most recently in  
16 my position as General Manager I am responsible for Fuel Procurement, Fuel  
17 Budgeting, Contract Administration, Coal Mine Taxes and Royalties, Fuel  
18 Quality and Fuel Strategy.

19 Q. What is the purpose of your testimony?

20 A. The purpose of my testimony is to reply to testimony offered by Committee of  
21 Consumer Services witness Kevin B. Cardwell. Specifically, I will address Mr.  
22 Cardwell's allegation that coal prices under the new Wyodak contract will be over  
23 \$18 million above the estimated market price through 2013.

1 Q. What is your response to Mr. Cardwell's assessment of the Company's fuel  
2 procurement efforts during the test period?

3 A. Mr. Cardwell proposes no adjustments to the Company's revenue requirement in  
4 this case, and he is generally complimentary of the Company's fuel procurement  
5 efforts. PacifiCorp appreciates Mr. Cardwell's positive assessment of the  
6 Company's fuel strategies and ongoing efforts to reduce fuel costs.

7 Q. Does Mr. Cardwell make any assertion about the PacifiCorp fuel cost with which  
8 you do not agree?

9 A. Yes. Although Mr. Cardwell offers no adjustments to test year revenue  
10 requirement, he does make what I believe are unsubstantiated comments on issues  
11 that will affect future coal costs. On page 19, lines 6-11, Mr. Cardwell asserts  
12 that prices under the new Wyodak coal contract, signed in April 2001, will be  
13 more than \$18 million over the estimated market price through 2013. I believe  
14 that this allegation is without merit.

15 Q. Why do you disagree with Mr. Cardwell's analysis of future market prices?

16 A. Market prices for Powder River Basin (PRB) coal have unexpectedly increased  
17 over the last year partially as a result of increased demand. In fact, even the coal  
18 price under the old Wyodak contract is less than today's "market". Only for the  
19 short term does Mr. Cardwell's analysis reflect this dramatic increase.

20 Q. What are Mr. Cardwell's projections after 2002?

21 A. Mr. Cardwell's analysis reflects a dramatic reduction in current market prices by  
22 2003 of almost 50%. This reduction is based on a forecast by Hill & Associates,

1 Inc., which is Mr. Cardwell's current employer. After this dramatic reduction,  
2 Mr. Cardwell's forecast reflects a 2 percent annual escalation.

3 Q. How does this compare to other forecasts?

4 A. Based on several leading coal industry publications, the forward price curve for  
5 2003 for Powder River Basin coal is currently \$1.00/ton to \$1.50/ton higher than  
6 the market prices employed by Mr. Cardwell in his analysis. Market expectations  
7 can vary greatly overtime. Mr. Cardwell's analysis distorts the economic  
8 competitiveness of the new Wyodak agreement.

9 Q. Mr. Cardwell estimates a \$3.16/ton trucking charge for deliveries from PRB  
10 mines to the Wyodak Plant. Is coal trucking realistic for Wyodak?

11 A. No. Coal trucking is not a realistic option for Wyodak. PacifiCorp's experience  
12 has been that long term trucking of coal is quite difficult. The Company questions  
13 the certainty of securing the necessary permits to truck long term on local and  
14 county roads. Also, most of the Powder River Basin mines are either not  
15 equipped or have limited truck loadout facilities. Due to the large size of the PRB  
16 mines, trucking is usually neither a logical nor a feasible way to transport coal.

17 Q. Does Mr. Cardwell's analysis reflect the capital costs associated with delivering  
18 coal by alternative methods to the Wyodak Plant?

19 A. No. It does not appear that Mr. Cardwell has reflected any capital expenditures in  
20 his forecast. The plant would require significant capital expenditure to receive  
21 coal other than by conveyor.

22 Q. Do you have any other comments about Mr. Cardwell's analysis?

1 A. An important economic advantage of the Wyodak contract is that it allows  
2 PacifiCorp to avoid any inventory carrying charges and related maintenance costs.  
3 It does not appear that Mr. Cardwell has reflected any of these savings in his  
4 analysis.

5 Q. What do you conclude about future coal prices under the terms of the new  
6 Wyodak coal agreement?

7 A. I believe that the new Wyodak contract will provide significant long term benefits  
8 to customers. While it is not possible to predict future market prices with any  
9 degree of certainty, current opinion supports the conclusion that future contract  
10 prices are in line with expected future market prices. Mr. Cardwell's allegation  
11 that future Wyodak contract prices will significantly exceed future market prices  
12 is solely an estimate. His analysis reflects a transportation alternative that is  
13 probably not viable.

14 Q. Does this conclude your testimony?

15 A. Yes.