

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE)
APPLICATION OF PACIFICORP)
FOR APPROVAL OF ITS)
PROPOSED ELECTRIC RATE)
SCHEDULES & ELECTRIC)
SERVICE REGULATIONS)

Docket No. 03-2035-02
SUPPLEMENTAL
TESTIMONY
OF MARK T. WIDMER

OCTOBER 2003

1 **Q. Are you the same Mark T. Widmer who previously testified in these**
2 **proceedings?**

3 A. Yes.

4 **Summary of Testimony**

5 **Q. Please summarize your testimony.**

6 A. I will present the updated normalized results of the production cost model study
7 for the 12-month period ending December 31, 2003. I will describe the various
8 updates made for known and measurable changes to proposed net power costs.

9 **Net Power Cost Results**

10 **Q. What are the results of the Company's updated normalized test year net**
11 **power cost study?**

12 A. Total Company updated normalized net power costs for the 12-month period
13 ending December 31, 2003 are approximately \$534.2 million or \$12.0 million
14 higher than the filed net power costs. The updated study is included as Exhibit
15 UP&L __S (MTW__ .1S).

16 **Q. Please describe the updates made for known and measurable changes.**

17 A. The changes include the following items:

- 18 • The Clark Storage and Integration contract was updated to reflect the
19 restated contract and a more current resource nomination.
- 20 • Short-term firm sales and purchase transactions were updated to reflect
21 transactions completed through September 29, 2003 that are delivered
22 during the 12 month period ending December 31, 2003.
- 23 • A new purchase power contract with Desert Power was included.

- 1 • New locational exchange contracts with Anaheim and LADWP were
- 2 included.
- 3 • The Kennecott generation incentive contract was revised to correct an
- 4 input error.
- 5 • An Idaho wheeling rate was changed to correct an input error.
- 6 • Gas fuel prices for Gadsby, Gadsby Peakers and West Valley peakers
- 7 were updated to include the price of additional gas purchased.
- 8 • Coal prices were updated to reflect actual prices through September
- 9 2003 and to include production cost increases at the Deer Creek mine
- 10 through the end of December 2003.

11 **Q. Please explain your recommendation for the Aquila Hydro Hedge payment**
12 **received by the Company.**

13 A. The Aquila hydro hedge is measured on a quarterly and October to September
14 contract year basis. Any payments will be made on a quarterly basis based on
15 actual stream flows for that quarter. Any payments received are held on the
16 balance sheet until a final determination for the contract year. For the just
17 completed contract year, the Company has booked a \$5.2 million payment that it
18 expects to receive from Aquila, as a result of poor hydro conditions. Since these
19 revenues only pertain to the just completed contract year and are not ongoing, I
20 have not included them in the updated net power cost study. Rather, I believe
21 these revenues should be returned to customers through a tariff rider. The tariff
22 rider will be discussed by Mr. Griffith in the Company's October 31, 2003 filing.

23 **Q. Does this conclude your supplemental testimony?**

1 A. Yes.