

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 BRUCE N. WILLIAMS

OCTOBER 2003

1 **Q. Are you the same Bruce N Williams 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 embedded cost of debt and preferred stock supporting
7 PacifiCorp's electric operations in the State of Utah. I will describe the various
8 updates made for known and measurable changes..

9 **Known and Measurable Changes**

10 **Q. What are the known and measurable changes in the cost of debt and**
11 **preferred stock since March 31, 2003?**

12 A. The Company recently completed a refinancing of higher-cost debt and preferred
13 securities. Through this refinancing, \$57.5 million of medium term notes and
14 \$352 million of preferred securities were redeemed in July and August. Initially
15 the redemptions were funded with short-term debt. In September, the Company
16 issued \$400 million of First Mortgage Bonds to refinance the medium term notes
17 and preferred securities on a long-term basis.

18 In addition, approximately \$82 million of long-term debt has matured and
19 \$7.5 million of preferred stock has been retired between March 31, 2003 and
20 September 30, 2003.

1 Also, in June, six series of Pollution Control Revenue Bonds (“PCRBs”)
2 totaling \$111 million were converted to fixed rate mode. Finally, I have updated
3 the variable rate PCRBs to September 30, 2003 actual rates.

4 **Q. What was the impact of these changes?**

5 **A.**The combined result of this refinancing and maturities was to reduce the weighted
6 cost of long-term debt and preferred from 6.43% at March 31, 2003 to 6.41% at
7 September 30, 2003.

8 **Updated Results.**

9 **Q. What are the results of the Company’s updated embedded costs of long term**
10 **debt?**

11 **A.**Exhibit UP&L ___ S (BNW___ .1S) shows the embedded cost of long-term debt
12 at September 30, 2003 at 6.40%.

13 **Q. What are the results of the embedded cost of preferred stock?**

14 **A.**Exhibit UP&L ___ S (BNW___ .2S) shows the embedded cost of preferred stock
15 at September 30, 2003 at 6.75%.

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

17 **A.**Yes.