

1 BEFORE THE PUBLIC SERVICE COMMISSION
2 OF THE STATE OF WYOMING

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4 IN THE MATTER OF THE APPLICATION Docket No.
5 OF PACIFICORP FOR AUTHORITY TO 20000-ER-02-184
6 INCREASE ITS RETAIL ELECTRIC (Record No. 7475)
7 UTILITY SERVICE RATES IN WYOMING,
8 CONSISTING OF A GENERAL RATE
9 INCREASE OF APPROXIMATELY \$30.7
10 MILLION PER YEAR, A THREE-YEAR
11 RATE SURCHARGE FOR PREVIOUS
12 POWER COSTS TO RECOVER \$60.3
13 MILLION, AND AN ADDITIONAL
14 THREE-YEAR RATE SURCHARGE TO
15 RECOVER POWER COSTS OF \$30.705
16 MILLION RELATED TO THE
17 HUNTER NO. 1 GENERATING UNIT
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19
20 TRANSCRIPT OF HEARING PROCEEDINGS
21 VOLUME VII
22 January 16, 2003

23
24 PURSUANT TO NOTICE duly given to all parties
25 in interest, this matter came on for hearing on the 13th
day of January, 2003, at the hour of 10:00 a.m., in the
Hearing Room at 2515 Warren Avenue, Suite 300, Cheyenne,
Wyoming, before the Public Service Commission, Chairman
Steve Ellenbecker presiding, with Deputy Chairman Steve
Furtney and Commissioner Kristin Lee also in attendance.
Also present were Stephen G. Oxley, Secretary and Chief
Counsel of the Commission, Christopher Petrie, Counsel of
the Commission, and David Mosier, technical advisor of
the Commission.

1 A P P E A R A N C E S

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1 P R O C E E D I N G S

2 (Hearing proceedings reconvened

3 9:06 a.m., January 16, 2003.)

4 DEPUTY CHAIRMAN FURTNEY: Let's go on the
5 record at this time. Mr. Hunter, do you have a
6 procedural matter to bring up at this time?7 MR. HUNTER: I do, Mr. Chairman. Mr.
8 Williams, Bruce Williams, who is the company's witness on
9 cost of debt and preferred stock, has no questions, has
10 aroused no issues in this proceeding. We'd request that
11 he be excused and at the appropriate time we offer and
12 mark his testimony without him appearing at this
13 proceeding.14 DEPUTY CHAIRMAN FURTNEY: Do any of the
15 parties have opposition to this matter?16 MR. MOENCH: Consumer Staff has no
17 opposition.18 DEPUTY CHAIRMAN FURTNEY: Okay. We'll
19 grant that request and we'll take that up as you bring it
20 up, I guess.21 MR. HUNTER: In fact, probably we'll put
22 it on with Mr. Hadaway during that time we're talking
23 about cost of capital.24 DEPUTY CHAIRMAN FURTNEY: We'll take it
25 up at that time.

1 for like the last 10 or 15 years whereby we include all
2 outages in our base rate calculation with the one
3 exception in this case, we didn't included the Hunter 1
4 outage because it's so far different than all the other
5 outages we've experienced at the company in terms of
6 timing, magnitude, extent of damage, things of that
7 nature.

8 Q. All right. So just so we're clear, your
9 current position, then, is not the position stated here
10 in your direct that you should remove extraordinary
11 outages. It's that you should include in your outage
12 calculation even extraordinary outages except for Hunter;
13 is that correct?

14 A. That's our updated position, yes.

15 Q. Okay. Thank you.

16 Now, in handling outages, has the company made
17 any adjustments in its net power cost calculation to
18 remove the costs for ratepayers of the Jim Bridger 4
19 outage in the year 2000?

20 A. We did not.

21 Q. And are you aware that's the outage that one of
22 the company's witnesses earlier said was the company's
23 fault in the testimony that we just had over the past few
24 days?

25 A. Yeah. I believe Mr. Cunningham indicated that

1 that was something that was a result of company actions.
2 And we still don't recommend that that type of outage
3 should be removed from the company's calculation. As in
4 any business, you know, accidents happen, errors happen
5 and so forth, and so it appears to us that it's more of a
6 normal occurrence.

7 If, in fact, the company had a history of an
8 exorbitant number of human errors in relation to this, I
9 would expect the Commission to take notice of that.
10 However, given the fact that it's a relatively isolated
11 incident and it happens at all utilities, I would think
12 it's a cost that should be reasonably recovered.

13 Q. So the outage calculation includes outages
14 whether it's the company's fault or not; is that right?

15 A. The outage calculation includes all outages
16 except Hunter 1.

17 Q. Okay. Let me ask you to -- let's talk about a
18 different topic that starts on page 21 of your direct
19 testimony. Do you have that?

20 A. I do.

21 Q. I need to direct your attention, sir, to lines
22 roughly 13 and 14. I need to ask you a couple of
23 questions about PacifiCorp's proposal to share 20 percent
24 of excess net power costs through, in your words, "May
25 2001, the expected end of the rate cap period." Do you