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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of PacifiCorp : DOCKET NO. 99-035-10
for Approval of Its Proposed Electric Rate :
Schedules and Electric Service Regulations:MEMORANDUM OF
: PACIFICORP IN OPPOSITION
: TO THE REQUEST
: FOR RECONSIDERATION
: OF THE COMMITTEE OF
: CONSUMER SERVICES

PacifiCorp, dba Utah Power & Light Company (“PacifiCorp” or “Company”), pursuant to Utah Admin. Code R746-100-11.F, submits this Memorandum in Opposition to the Request for Reconsideration (“Request”) of the Committee of Consumer Services (“Committee”).

I. Glenrock Closure Reclamation Costs

The Committee seeks reconsideration on the ground that final reclamation work did not start in the test period. As support for its contention, the Committee asserts that “reclamation is an ongoing process”, “final reclamation can only be completed after the mine has stopped production” and “this did not occur in the test year”. Request at 6.

PacifiCorp agrees, as the quoted testimony from Mr. Getzelman indicates, that reclamation is an ongoing process. PacifiCorp also agrees that it hasn’t completed reclamation at the Dave Johnson mine. Indeed, PacifiCorp presented testimony that it would continue to incur reclamation expenses at the mine through 2006. Ex. UP&L 1.7R. However, the Committee has failed to explain why those facts are relevant to, much less dispositive of, the determination of when final reclamation began at the Dave Johnson mine.

The evidence on this record establishes that PacifiCorp began final reclamation work at the mine in 1998 and spent over \$4 million for reclamation in the test period. Ex. UP&L 2 at 3; Ex. UP&L 1R at 18-25; Ex. UP&L 1.7 R; Ex. DPU 6 at 17. The Commission's decision on this issue is supported by the evidence and the Committee's request should be denied.

II. SERP

The Committee seeks reconsideration of this issue on the ground that the recovery of PacifiCorp's actually incurred test period SERP expenses would reward the Company for poor management performance during the test period. Request at 2. The Committee's argument is not supported by the evidence.

For example, the evidence in this case shows that PacifiCorp's total production, operation and maintenance expenses were \$72 million less in 1998 than in 1997. Ex. DPU 3 at 6-8; Ex. DPU 3.2. That result does not reflect poor management performance.

As the Committee recognized in its Request, the Commission has already rejected the same argument and the Committee has raised no additional legal or factual issues which would justify reconsideration of this issue. Request at 2. The Commission's decision on this issue is consistent with its prior policy and practice and supported by the evidence. The Commission should reject the Committee's request.

III. SAP

The Committee's request for reconsideration of this issue is based on its contention that SAP provided no benefits in the test period. Request at 5. As its sole support for that contention, the Committee cites Mr. Meier's testimony regarding an assumption in the low benefits case of a 1996 business case model. Request at 5; Tr. 387-389.

The Committee failed to mention, however, the evidence presented regarding the actual, rather than assumed, test period SAP benefits. In both his prefiled and oral testimony, Mr. Meier described and quantified the 1998 SAP benefits and explained how they were achieved. Ex. UP&L 3R at 14-18; Tr. 433-436.

The Committee's new preference for assumed, rather than actual, results does not provide the legal or factual

basis required for reconsideration. The Commission's decision on this issue is supported by the evidence and consistent with its prior policy and practice. The Commission should reject the Committee's request.

IV. Re-Engineering Costs

The Committee's request for reconsideration of this issue is based on its often repeated argument that re-engineering produces no benefits by itself and that it cannot produce benefits until SAP is fully functional. Request at 3. That argument is not supported by the evidence.

The evidence shows that a series of re-engineering initiatives, collectively known as the Business System Integration Project ("BSIP"), resulted in system-wide savings during the 1998 test period in excess of \$30.6 million. Ex. UP&L 3R at 17; Tr. 372. The evidence also shows that test period savings were obtained during 1998 as a result of BSIP, even before the SAP system became functional in the latter part of the year. Ex. UP&L 3R at 25.

The Commission's decision on this issue is supported by the evidence and is consistent with its prior policy and practice. The Commission should reject the Committee's request.

V. Noel Kempff Climate Action Project

The Committee seeks reconsideration of this issue for the limited purpose of correcting what may be, based on the Committee's description, a computational error. Request at 2-3. The Company does not oppose reconsideration of this issue for the limited purpose of determining whether there has been a computational error. If the Committee is accurate in its characterization of that potential error, the revenue requirement impact would be \$88,000 or less.

CONCLUSION

With the potential exception of the Noel Kempff issue discussed above, the Committee has failed to raise any legal or factual issue which would justify reconsideration. PacifiCorp respectfully submits that the Commission should, with the potential exception of the Noel Kempff issue, deny the Committee's request.

Respectfully submitted this 23rd day of June, 2000.

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CERTIFICATE OF SERVICE

I hereby certify that I caused the foregoing MEMORANDUM OF PACIFICORP IN OPPOSITION TO THE REQUEST FOR RECONSIDERATION OF THE COMMITTEE OF CONSUMER SERVICES to be served upon the following persons by mailing a true and correct copy of the same, postage prepaid, to the following on the 23th day of June, 2000.

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