

**PacifiCorp: Transmission Rate Case, Customer & Stakeholder Meetings  
Salt Lake City, Utah**  
Meeting Minutes

*March 16, 2011*

*Present:* Sarah Edmonds (Presenter), PacifiCorp  
Kenneth Houston, PacifiCorp  
Tim Shuba, Goodwin Procter LLP (UAMPS)  
Steve Daniel, GDS Associates (UAMPS)  
Marshall Empey, UAMPS  
Dax Gray, UAMPS  
Terrica Reyes, PacifiCorp  
Clay MacArthur, Deseret Power  
Curt Winterfeld, Deseret Power  
James O'Reilly, Wasatch Wind  
Leon Pexton, UMPA (phone)  
Layne Burningham, UMPA (phone)  
Scott Lynsky, UMPA (phone)  
Al Robins, Jennings, Strouss & Salmon (UMPA) (phone)  
Connie Fevold, Seattle City & Light (phone)  
Joe Rogers, BPA (phone)  
Michael McHugh, BPA (phone)  
Tami White, Idaho Power (phone)  
Jared Ellsworth, Idaho Power (phone)  
Don Gruenemeyer, Sawvel & Associates (UMPA) (phone)  
Andrew Harriger, Sawvel & Associates (UMPA) (phone)  
Ed Lucero, San Diego Gas & Electric Co. (phone)  
Eric Menzel (PG&E)  
James McClellan, Morgan Stanley (phone)

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The following minutes document questions and answers from the March 16<sup>th</sup> customer meeting:

**Q. Will you be giving details about the filing in advance? (Shuba)**

A. We are in the process of finalizing the formula. Haven't made a final determination and in the process of gathering all the FERC Form 1 data. We have a couple options:

1. Provide you the formula; the mechanics absent the inputs but could see how the formula would be laid out.
2. The other option is to provide you everything if we are ready to share the information or need extra time, depends on the current situation. No decision has been yet. (Edmonds).

**Q. Will you be using FERC Form 1 2010 data? (Daniel)**

A. Yes. Timing issue because the FERC Form 1 is filed mid-April. Leaves limited time for team to input formula. (Edmonds)

**Q. The Populus-Hemingway asset exchange has already taken place, right? (Empey)**

A. Yes. The deal is done and filed at FERC. Idaho jointly owns Populus (about 23 percent) and we jointly own Hemingway, about 50 plus percent. (Houston)

**Q. FERC Form 1 2010 will reflect that exchange? (Empey)**

A. Yes, that will be reflected. It was a nearly equal exchange in assets. Idaho paid about a million dollars in addition, because they own lines through Populus, and we own lines through Hemingway. It was the right thing to do to jointly own both of those lines. (Houston)

**Q. For system upgrades, do we collect prepayments? (Daniel)**

A. The only thing I can think of is major generator expansions where there are substantial network upgrades. We do require an upfront payment for those costs then we owe that back to those customers under FERC policy as those customers buy transmission services. Those are separately booked; identifiable in the FERC Form 1. About \$120 million at any given time; very active queue with many projects handled. (Houston)

**Q. Are the maps available for large prints? (Daniel)**

A. Yes. All maps are on OASIS and available to print on the plotter or available by request from the company. (Houston)

**Q. The 200 basis points are only added to Energy Gateway. (Houston)**

A. Wallula-McNary (Walla Walla-McNary) is excluded from the 200 basis points adder. (Edmonds)

**Q. In anticipation, do you take into account changes in load? (Daniel)**

A. Depends on the formula in use. Some formulas walk forward certain elements and some do not. We are not trying to re-invent any formulas but looking at formulas that have previously been approved by FERC. The formulas we are looking at do not walk forward usage, but use the prior year for the projected rate. (Edmonds)

**Q. So that I understand, you use some future year element in establishing a numerator but you are going to use a strictly historical statutory for the denominator? And 200 basis points? (Winterfeld)**

A. Yes, the formula we are looking at does that. Some formulas do allow that. If FERC determines we are eligible, yes, 200 basis points. (Edmonds)

**Q. When are you going to determine your formula methodology? Are you looking for input from us on which formula should be used and what is fair to us? (Empey)**

A. We should have our formula decided very shortly; next week or so. We are not considering a purely lagged formula. That is not a decision that makes sense for

PacifiCorp. As for input, we want to make sure you know how the formula works, ask any clarifying questions, and identify any issues. We are looking at a limited forecast formula type. One that we have seriously considered is a June to May cycle. The timing is odd the first year; therefore, we are in June 2013. You have your prior year FERC Form 1 2012, you are setting your revenue requirement based on that information. In June 2013, to set the rate, you look at what would reasonably expect to come in service from June 2013 to December 2013. Essentially a six month forecast. There are other formulas that walk forward farther into the future. (Edmonds)

**Q. What is the forward looking period? (Winterfeld)**

A. We walk forward capital additions from June to December. Essentially, the whole forecast test period would have been calendar year 2013. We would be assuming that we know what went into service from January to May. From the customer perspective, the customer will know about the capital additions through the publication date and the protocols. (Edmonds, Daniel)

**Q. When you file for your adjustments, the only historical data you will have is the FERC Form 1? (Winterfeld)**

A. Yes, we will use the most recent FERC Form 1 data. (Edmonds)

**Q. The realistic matter is if the rates go into effect June, you can't have actuals in May. The company will know some things and walk forward the rest of the year. This can be put out in May and rates go effect in June in this process. (Shuba)**

A. I am not suggesting that we have FERC Form 1 quality data will not be available for January through May of the filing year, but we will have more certainty over service in dates. For June 1 through May 31, it is going to be based on capital additions for that year; it is really an estimate. (Edmonds, Winterfeld, Shuba)

**Q. The formula is forward looking and subject to true-up and there a risk to guess high and will be adjusted in true-up, but keep in mind we are going to be looking at how far the company forecasts or opportunity the company has to guess high. I recognize that forward looking formulas have been in place and accepted by FERC. (Robins)**

A. One of the things that are driving our formula selection is the ease of forecasting. We want to minimize forecasting errors. We don't want to swing customers around with true-ups. Nor do we want to swing state jurisdictions around with true-ups. We almost eliminated the fully forecast formula for these reasons. I think we are on the same page. (Houston)

**Q. Are you going to adjust your line losses every year? (Empey)**

A. We are currently looking at a 2009 data loss study. I don't know the final results of the loss study, but it would make a stated adjustment to the loss factor currently in the OATT (Edmonds)

**Q. Regarding adjusting or true-up the system demand (divisor), I want to bring up avoiding mismatch between the numerator and denominator; something to consider. (Robins)**

A. The function of the true-up is to look at what actually happened in the prior year; if the denominator does not accurately reflect what occurred, the true-up does take that into account. Even if we are not walking forward, we have to true-up on that detail. (Edmonds)

**Q. Let's say the revenue require is 5 percent higher and billing demand 5 percent higher, what I hear you saying is that in true-up you would try to recover additional revenue requirement regardless of demand. (Winterfeld)**

**I think we are confusing the true-up versus the estimated rate. The only element being forecasted is expenditures, not going to forecast load. The only thing that is moving the rate on a forecast basis is the expenditures. The true-up would happen in the next year and will have those elements including actual loads and used to calculate what should have been. Worst case scenario, we would get over charged for a year and then give it back the following year with interest. (Shuba)**

A. Yes, that is my understanding. We will use the most recent FERC Form 1 page 400 that has the actual system demand and looking at those other elements. The only adjustment that is being forecasted is the capital additions. We are looking at many formulas and evaluate the options in front of us. We are not re-inventing any new formulas. (Edmonds)

**Q. Who is your rate consultant? (Daniel)**

A. Alan Heintz. (Edmonds)

**Q. Regarding protocols, are you using any FERC filed examples? (Daniel)**

A. Yes. We are using examples as guided by Alan Heintz. (Edmonds)

**Q. Are you considering a wind integration charge? (Fevold)**

A. We are watching the proceeding very closely and we will take a middle-ground approach. State regulators and FERC expectations are not matching up on this issue. (Edmonds, Houston)

**Q. File with state a five-year forecast of the transmission rate? Our concern is the yearly increase in transmission rates for budgeting purposes. (Winterfeld)**

A. We have not filed anything like that. At this time, we do not plan on filing a five-year transmission rate forecast. There are so many inputs in a fully forecast. That is why we have not chosen that type of formula. A five-year forecast is not feasible given so many factors that pertain if a plant goes into service. (Edmonds, Houston)

**Q. To clarify my understanding of formula. It includes FERC Form 1 which is filed in April and any true-ups, publication date is in May, ninety days for discovery, fifteen days for response, then 30 days for challenges. Then the rates are effective June 1? Will the rates include adjustments that were discovered? (Shuba)**

A. Yes, I assume that is how it works subject to check but let me take it back and make a clarification via OASIS. (Edmonds)

The notion is to not include the adjustments in that rate year but to include those changes in the following rate year because customers don't want the changes during the same rate year. Following years could include multiple true-ups in one rate year. (Daniel, Shuba)

**Q. How does Idaho Public Utility Commission's (EG 27% deferred) decision affect the transmission rate case? Will you be asking for all of it? (Empey)**

A. All of it will be in our rate case. We have a fundamentally different view than taken in the Idaho decision. The assets are in service and use and useful. (Edmonds, Houston)

An agreement could be negotiated. There is nothing in the order regarding carrying costs. (Daniel)

**Q. Has an ROE witness been identified? (Daniel)**

A. No, we have not retained a witness yet. (Edmonds)