BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF CHANGES TO ITS ELECTRIC SERVICE SCHEDULES	))))))	**CASE NO. PAC-E-07-05** **Direct Testimony of William J. Fehrman**

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-07-05

June 2007

Q. Please state your name, business address and position with the Company (also referred to as Rocky Mountain Power).

A. My name is William J. Fehrman. My business address is 1407 West North Temple, Suite 320, Salt Lake City, Utah. My position is President of PacifiCorp Energy.

Qualifications

Q. Please describe your education and business experience.

A. I have a Bachelor of Science degree in Civil Engineering from the University of Nebraska at Lincoln and a Masters in Business Administration from Regis University in Denver, Colorado. During my career, I have served as an engineer for coal-fired and nuclear power plants, a nuclear projects manager, an assistant station manager, senior manager for operations, maintenance and environmental, station manager of the Gerald Gentleman station (a two unit plant with 1,365 megawatts of capacity), vice president of fossil energy, vice president of energy supply and president and chief executive officer for Nebraska Public Power District. I was appointed president of PacifiCorp Energy in February 2006 with responsibilities for PacifiCorp's electric generation, commercial and energy trading, and coal-mining operations.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain the reason for and prudence of major supply-side resource additions and the known and measurable increases to generation related operation and maintenance (O&M) expenses included in the test year through the end of December 31, 2007. I will discuss how these

increases contribute to the overall revenue requirement request supported by the testimony of Company witness Steven R. McDougal. My testimony explains these increases and the circumstances that are driving them. My testimony will also demonstrate the prudence of acquiring the following supply-side resources: the Lake Side project, the Leaning Juniper project, the Marengo project, the Goodnoe Hills project and the Blundell geothermal bottoming cycle project.

Prudence of Supply-Side Resource Capital Investments

Q. Please briefly explain how you support the prudence of supply side resources in your testimony.

A. Beginning with the Lake Side combined cycle plant, and then moving to the Leaning Juniper, Marengo, Goodnoe Hills wind projects, and finally the Blundell Bottoming Cycle project, I will explain the basis upon which the Company determined the need for these plants, how the plants were acquired, and the technology, size, location and cost impact of each facility.

Q. Please generally describe the process the Company uses in determining the need for additional long-term supply-side resources.

A. On a periodic cycle, the Company undertakes a comprehensive integrated resource planning (IRP) process. The IRP is developed with considerable public involvement from customer interest groups, regulatory staff, regulator, and other stakeholders. Each of these entities are asked to actively participate and provide input and guidance as the Company considers a number of issues related to long-term resource planning. The purpose of the IRP process is to provide a framework for the prudent future actions required to ensure the Company continues to

provide reliable and least cost electric service to its customers while striking an expected balance between cost and risk over the planning horizon.

Q. Please describe briefly the recommendations of the 2003 IRP.

A. The 2003 IRP contained a variety of resources within its preferred portfolio based on size, timing and type. Specifically, the 2003 IRP set forth a need for: flexible resources in the East portion of the system in 2005; a high capacity factor resource in the East portion of the system in 2007; and a number of renewable resources (proxied as wind resources) located in both the East and West portions of the system and spread over a number of years.

Q. Please provide more detail on the IRP process in selecting new supply-side resources.

A. The IRP process assesses the gap between loads and resources for each year throughout the twenty-year planning horizon. Resource alternatives are then assembled into a variety of portfolios that are studied based on their relative cost and risk to meet the Company's obligations. These portfolios are subjected to risk and uncertainties that include stochastic risks, scenario risks, and paradigm risks. Modeling is performed on a system-wide basis and takes into account a necessary level of planning margin. Ultimately, a single preferred portfolio is identified, and it is intended that the Company then undertake actions to acquire the necessary resources.

Natural Gas-Fueled Resources

Lake Side Power Project

Q. Please describe the size and location of the Lake Side resource.

A. The Lake Side resource is a 534 MW (summer rated) natural gas fired combined cycle combustion turbine power plant that is being constructed approximately 35 miles south of Salt Lake City, Utah. The project consists of 470 MW coming from the combined cycle portion of the plant with an additional 45 MW available from the ability to duct fire and 19 MW available via steam augmentation. Exhibit No. 17 shows a map of the plant location.

Q. On what basis did PacifiCorp determine that the Lake Side project was needed?

A. The Company's decision to construct the Lake Side project was in response to the conclusions reached in the January 24, 2003 IRP. The Company's RFP 2003-A solicited a flexible resource to be available by June 2005, a resource with an online date of June 2007, and seasonal resources to be available during the summers of 2004-2007.

Q. Was the decision to construct Lake Side made due to RFP 2003-A?

A. Yes. Upon evaluating the alternatives presented via RFP 2003-A, the Company determined that the Lake Side resource proposed by one of the bidders was the best alternative for the 2007 resource category in the RFP.

The RFP 2003-A process used a blind bid evaluation process wherein bid responses were submitted to an independent evaluator, Navigant Consulting, Inc. (Navigant), which, in turn, assured that the responses were adequately blinded

such that the bidding entity was not known to PacifiCorp. Navigant's overall role was: (1) to make certain that the Company evaluated its own build option in a manner that is reasonable, fair, unbiased, and comparable to the extent practicable, against other bids, and (2) to report on whether the process followed by the Company adequately met these objectives.

Q. Did Navigant agree with the Company's decision?

A. Yes. Page 47 of the Navigant report states that:

> "Taken in aggregate, it was apparent that the preferred transaction would be with the selected bidder due to its lower risk and its equivalent cost characteristics."

Q. Please describe the transaction that Navigant was referring to.

A. Summit Power, through its affiliate Summit Vineyard, LLC (Summit), submitted a bid to develop, construct, and transfer, upon completion, ownership of a 534 MW (summer rated) power plant to PacifiCorp. The name of the project is the Lake Side Power Project. Summit proposed to develop the Lake Side Power Project on the former Geneva Steel site in Vineyard, Utah, and enter into an Engineering, Procurement and Construction Contract (EPC) with Siemens Westinghouse Power Corporation (Siemens Power) to construct the resource. Siemens Corp., the parent company of Siemens Power, is guaranteeing the work of Siemens Power under the EPC contract. In addition, PacifiCorp entered into a long-term program (LTP) for the Lake Side Power Project with Siemens Power. The scope of supply for the LTP covers the planned maintenance of the gas turbine internals including the compressor, combustor and turbine. Planned maintenance activities include the combustor inspections, hot gas path inspections

and major overhauls. Also included are periodic borescope exams, combustor tuning, and remote monitoring services. The scope of the LTP also includes diagnostics, parts and services for maintaining the plant's Siemens SPPA-T3000 digital control system. The contract also provides for a pre-negotiated pricing mechanism for unplanned gas turbine maintenance. The term of the contract is through the second major overhaul, which is after 3,600 equivalent starts or 100,000 equivalent operating hours, depending on whether the plant is operated in a starts or hours based regime, respectively.

Q. Please describe the benefits of this resource to Idaho ratepayers.

A. Idaho ratepayers benefit from this resource as it provides the most economic and risk balanced resource available to implement the identified need. This resource was chosen instead of a more costly Company-built alternative or a more risky alternative from an entity who has since filed for bankruptcy. While the IRP did not specify a need for a flexible resource in 2007, ratepayers will benefit from the fact that the Lake Side resource will indeed have a level of flexibility associated with combined cycle natural gas fired plants with duct firing and steam augmentation. As with the Company's Currant Creek facility, Lake Side will also enable the Company to manage unexpected changes in loads, resources and/or transmission transfer capabilities while also being available as a resource that can be economically dispatched such that the output can be sold to third parties at times when it is not needed to meet Company obligations.

Q. Has the decision to construct Lake Side been reviewed by any other commission?

A. Yes. On November 12, 2004, the Utah Public Service Commission (PSC) issued an order granting a Certificate of Public Convenience and Necessity authorizing the Company to proceed with construction of the Lake Side project. In its Order, the Utah PSC said:

> "We conclude and find the Lake Side Power Project resource addition as proposed by the Company is required by the public convenience and necessity, and that a certificate to that effect should be issued." (Utah PSC Docket No. 04-035-30, November 12, 2004 Order, p. 18)

The Utah PSC reached this conclusion, in part, based on the following facts:

1. The Utah Division of Public Utilities (Division) hired its own consultant (in addition to Navigant) to evaluate the Company's certificate application. Both the Division and its consultant testified that they found no evidence to refute Navigant's conclusion that the solicitation and evaluation of base load bids (the 2007 resource category in RFP 2003-A) was fair and equitable. The Division's consultant also testified the selection of the preferred resource (the Lake Side project) was a reasonable decision given the parameters of the base load bid category, and
2. The Company testified that the Lake Side project proposal by Summit represented the most prudent balance between cost and risk. At the Utah PSC certificate hearing, no party opposed the granting of a certificate of public convenience and necessity to the Company for the Lake Side project, or challenged the Company's selection of the Lake Side project as the best alternative.

Q. How did the Company make the decision to move forward with the Lake Side project?

A. The Company's Board was provided with a detailed overview of the project, the contract support and counterparty guarantees for executing the project, a comparison against the risks associated with an alternative bidder, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, the fueling strategy, and the justification of the project due to the results of RFP 2003-A. Upon review of this information, the Board deliberated and subsequently voted to proceed with the project.

Q. What investment related to the Lake Side project is included in the revenue requirement?

A. The Company has included $330.8 million for the Lake Side plant in this application. The O&M cost associated with the Lake Side plant is approximately $2.6 million. This is due to the labor required to operate the plant (the labor was capitalized prior to the plant going in-service), chemical cost, maintenance materials and contracts, and other miscellaneous operating expenses (e.g. utilities, rents, leases, insurance premiums, etc.).

The Lake Side project is expected to be operational during the summer of 2007. As discussed in Company Witness Mark T. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Lake Side for the same number of months that the investment is included in the revenue requirement. Company witness Steven R. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Q. Please describe the Company's natural gas supply strategy.

A. The Company is striving to provide a stable and predictable natural gas supply in a manner that mitigates price volatility and ensures reliable supply.

Q. What factors are influencing the Company's natural gas strategy?

A. The Company is experiencing a significant increase in natural gas requirements due to its new combined cycle combustion turbines at the Currant Creek and Lake Side plants and higher capacity factors on higher heat rate units such as the Gadsby simple cycle combustion turbines. This increase in requirements for natural gas requires a supply strategy that mitigates price and supply risk to customers, and the Company is seeking a long-term focus to ensure customer protection against major volatility swings.

Q. What steps is the Company taking to protect its customers from volatility in the price and supply of natural gas?

A. The Company is seeking to secure enough physical gas to operate its gas-fired generating units during on-peak hours and to protect customers against the potential of purchasing high market-priced electricity in the future. By purchasing gas on a forward-looking basis, the Company is hedging against the risk of increased market prices for natural gas, essentially locking in a fixed price for on-peak power now rather than relying on market timing decisions later. Due to the significant increase in gas requirements mentioned above, the Company is moving towards active management of 5 to 10 years of future gas supply.

Q. How do customers benefit from the Company's natural gas supply strategy?

A. As mentioned above, the Company's hedging strategy protects customers from

long-term price and supply risk as the Company procures the fuel required to run its gas-fired generating units. In a volatile market environment and a period of rising costs, such a strategy will shield customers from drastic swings in the cost of natural gas and supply the electricity our customers demand at a reasonable and predictable price.

Q. Does hedging always produce the lowest possible cost?

A. On average over the long term, it should. But in any particular period there will inevitably be periods when market prices are lower than the Company's hedged costs and periods when market prices are higher than hedged costs, as was the case in Case No. PAC-E-06-04. The benefit of this approach is that customers will be protected against significant volatility.

Renewable Resources

Wind

Q. How does the 2004 Integrated Resource Plan address wind resources?

A. The 2004 IRP characterizes wind energy as having only minor impacts on the environment and producing no air pollutants or greenhouse gasses (page 94 of PacifiCorp's 2004 IRP). The 2004 IRP includes wind resources as a proxy for all renewable resources, which are part of a prudent and balanced resource mix.

Q. Please describe the Company's renewable resource request for proposal.

A. The Company's 2003 IRP had identified 1,400 MW of renewable resources as part of a least-cost portfolio of resources to meet the Company's growing demand over a ten-year period. The Company's renewable resource RFP, designated RFP 2003-B, was issued in February 2004. Following the acquisition of PacifiCorp by

MidAmerican Energy Holdings Company, PacifiCorp amended RFP 2003-B by re-opening the process to allow previous bidders to update their proposals and invite new bidders to participate. Given then-current federal tax law, amended RFP 2003-B focused on the acquisition of renewable resources that could be made available prior to the end of 2006 and 2007.

Q. What was the outcome of RFP 2003-B?

A. RFP 2003-B resulted in the acquisition of the 100.5 megawatt Leaning Juniper wind plant, the acquisition and subsequent construction of the 140.4 megawatt Marengo wind plant, and served as a benchmark to compare other wind resource alternatives against (such as the Goodnoe Hills wind project).

Leaning Juniper

Q. Please describe the size and location of the Leaning Juniper 1 resource.

A. Leaning Juniper 1 is a 100.5 MW wind energy generation facility, consisting of 67 General Electric 1.5 MW (model SLE) 60 hertz wind turbine generators located about three miles southwest of Arlington, Oregon. Exhibit No. 18 shows a map of the plant location. The project was placed into service on September 14, 2006, and PacifiCorp owns the assets, all output, all environmental attributes and all interconnection rights (up to the project's 100.5 MW capability). The turbines have 80 meter tubular towers and a 77 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, approximately twenty miles of turbine access roads, two permanent meteorological towers, one collector substation, one supervisory control and data acquisition system, and one operation and maintenance building. Ongoing

operations, warranty, and general maintenance services will be performed by Leaning Juniper Wind Power LLC (a PPM Energy affiliate), under a negotiated two-year contract.

Q. How will energy generated by Leaning Juniper 1 be delivered?

A. The energy generated by the project will be delivered to the project's substation, which connects to the Jones Canyon substation that was built by the Bonneville Power Administration (BPA), then to BPA's transmission system. Energy from the project is then transmitted across BPA's transmission system for delivery into PacifiCorp's system.

Q. Please describe the benefits of this resource to Idaho ratepayers.

A. Idaho ratepayers benefit from this resource as it represents the only resource made available to the Company via RFP 2003-B that could economically meet a commercial operation date during 2006. The 2003 and subsequent IRPs specify that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 megawatts or more of renewable resources prior to 2015. Leaning Juniper represents such a resource. In addition, Leaning Juniper was economical when compared against resources identified via RFP 2003-B for renewable resources that could become commercial during 2007.

Q. How else will the Leaning Juniper resource benefit Idaho ratepayers?

A. The Leaning Juniper resource further benefits Idaho ratepayers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi shafted generation resource (thus diversifying the impact of individual generator failures), and valuable ownership and operational experience

with utility scale wind projects. Leaning Juniper is the first wind resource that PacifiCorp has acquired on an ownership basis since the construction of the Foote Creek 1 wind resource at Foote Creek rim in Wyoming. The Leaning Juniper project utilizes General Electric wind turbines, thus giving PacifiCorp valuable experience with this particular manufacturer. As a result of long-term planning and the reasonable expectation that a federal renewable portfolio standard will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years. PacifiCorp currently has a number of power purchase agreements from wind projects in its portfolio and it is important that the Company diversify to include owned renewable resources. Leaning Juniper is providing the Company with valuable experience to enable the evolution of those activities as well as valuable experience with a General Electric turbine-based wind project.

Q. How did the Company make the decision to move forward with the Leaning Juniper 1 project?

A. The Company was provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, a comparison against the risks associated with an alternative bidder, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project and the justification of the project due to the results of RFP 2003-A. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Leaning Juniper 1 project is included in the revenue requirement?

A. The Company has included $175.4 million for the Leaning Juniper 1 plant in this application. The O&M cost associated with the Leaning Juniper 1 resource is approximately $2.4 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

As discussed in Company witness Mark T. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Leaning Juniper 1. Company witness Steven R. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Marengo

Q. Please describe the size and location of the Marengo resource.

A. Marengo is a 140.4 MW wind energy generation facility, consisting of 78 Vestas 1.8 MW wind turbine generators located near Dayton, Washington. Exhibit No. 19 shows a map of the plant location. PacifiCorp owns the assets, all output, all environmental attributes and all interconnection rights. The Vestas turbines located at the Marengo site have 67 meter tubular towers and an 80 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, turbine access roads, two permanent meteorological towers, one collector substation, a transmission line extension, one supervisory control and data acquisition system, and one operation and maintenance building. Ongoing operations, warranty, and general maintenance services will initially be

performed by Vestas American Wind Technology Inc. for a period that extends four years from the commercial operation date of the Marengo Expansion project discussed below.

Q. How will energy generated by Marengo be delivered?

A. The electrical energy generated by the Marengo wind project will be delivered to the project substation and stepped up from 34.5kV to 230kV and delivered into PacifiCorp's transmission system on the North Lewiston-to-Walla Walla 230kV transmission line via a 230 kV transmission line extension and new transmission switching station (the Talbot switching station). As such, no third-party transmission expense is anticipated (i.e., no BPA point-to-point wheeling expenses).

Q. Please describe the benefits of this resource to Idaho ratepayers.

A. Idaho ratepayers benefit from this resource as it represents the only resource made available to the Company via RFP 2003-B that could economically meet a commercial operation date during 2007. The 2003 and subsequent IRPs specify that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 megawatts or more of renewable resources prior to 2015. Marengo represents such a resource.

Q. How else will the Marengo resource benefit Idaho ratepayers?

A. The Marengo resource further benefits Idaho ratepayers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi shafted generation resource (thus diversifying the impact of individual generator failures), and further valuable ownership and operational

experience with utility scale wind projects. Marengo will be the second wind resource that PacifiCorp has acquired on an ownership basis since the construction of the Foote Creek 1 wind resource at Foote Creek rim in Wyoming. The Marengo project utilizes Vestas wind turbines, thus giving PacifiCorp valuable experience with this particular manufacturer. As a result of long-term planning and the reasonable expectation that a federal renewable portfolio standard will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years. PacifiCorp currently has a number of power purchase agreements from wind projects in its portfolio and it is important that the Company diversify to include owned renewable resources. Marengo will also provide the Company with valuable experience with a Vestas turbine-based wind project.

Q. How did the Company make the decision to move forward with the Marengo project?

A. The Company was provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, a comparison against the risks associated with an alternative bidder, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project and the justification of the project due to the results of RFP 2003-A. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Marengo project is included in the revenue requirement?

A. The Company has included $258.5 million for the Marengo project in this application. The Marengo project is expected to be operational by August 2007. The O&M cost associated with the Marengo resource is approximately $2.2 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

As discussed in Company witness Mark T. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Marengo for the same number of months that the investment is included in the revenue requirement. Company witness Steven R. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Goodnoe Hills

Q. Please describe the size and location of the Goodnoe Hills resource.

A. The Goodnoe Hills resource is a wind resource located near Goldendale, Washington. Exhibit No. 20 shows a map of the plant location. PacifiCorp owns the assets, all output, all environmental attributes and 94 MW of interconnection rights with the BPA. Ongoing operations, warranty, and general maintenance services will be performed by the wind turbine supplier (REpower System AG) for the first two years and then by enXco Service Corporation for the following eight years. The Goodnoe Hills wind project consists of a 94 MW wind energy generation facility utilizing 47 REpower System AG 2.0 MW (model MM92) 60 hertz wind turbine generators. The turbines have 80 meter tubular towers and a

92.5 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, turbine access roads, permanent meteorological towers, a supervisory control and data acquisition system, a collector substation and one operation and maintenance building.

Q. How will energy generated by Goodnoe Hills be delivered?

A. The energy generated by the projects will be delivered to a 34.5/230 kilovolt substation which connects to the Rock Creek substation built by the BPA. The energy is then delivered to BPA's transmission system for transmission across BPA's system for delivery into PacifiCorp's system.

Q. Please describe the benefits of this resource to Idaho ratepayers.

A. Idaho ratepayers benefit from this resource as it represents a renewable resource that can economically meet a commercial operation date during 2007. The 2003 and subsequent IRPs specify that that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 megawatts or more of renewable resources prior to 2015. Goodnoe Hills represents such a resource.

Q. How else will the Goodnoe Hills resource benefit Idaho ratepayers?

A. The Goodnoe Hills resource further benefits Idaho ratepayers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi-shafted generation resource (thus diversifying the impact of individual generator failures), and further valuable ownership and operational experience with utility scale wind projects. The Goodnoe Hills project utilizes REpower wind turbines, thus giving PacifiCorp valuable experience with this

particular manufacturer. The combination of the turbine supplier and operational expertise held by the project developer enabled the Company to negotiate a long-term operation and maintenance agreement for the entire project. This benefited ratepayers as it is an economical way to operate a project that is located outside of PacifiCorp's service territory. Further, as a result of long-term planning and the reasonable expectation that a federal renewable portfolio standard will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years. PacifiCorp currently has a number of power purchase agreements from wind projects in its portfolio and it is important that the Company diversify to include owned renewable resources. Goodnoe Hills will provide the Company with further experience in owning wind resources.

Q. How did the Company make the decision to move forward with the Goodnoe Hills project?

A. The Company was provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, a comparison against the risks associated with an alternative bidder, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, the fueling strategy, and the justification of the project due to the results of RFP 2003-A. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Goodnoe Hills project is included in the revenue requirement?

A. The Company has included $151.9 million for the Goodnoe Hills project in this

application with a projected in-service date of November 15, 2007. The O&M cost associated with the Goodnoe Hills resource is approximately $0.2 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements. These expenses will be reduced by funds made available by BPA (via the conservation and renewable resource credit program) and by grant monies supplied via the Energy Trust of Oregon, Inc.

As discussed in Company witness Mark T. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Goodnoe Hills for the same number of months that the investment is included in the revenue requirement. Company witness Steven R. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Geothermal

Blundell Bottoming Cycle

Q. Please describe the size and location of the Blundell Bottoming Cycle resource.

A. The Blundell Bottoming Cycle resource is a separate facility at the Blundell plant, located near Milford, Utah. Exhibit No. 21 shows a map of the plant location. The bottoming cycle generates a nominal 11 MW of electrical energy using latent heat in the geothermal brine.

Q. Please provide additional detail about the Blundell Bottoming Cycle resource.

A. The Blundell Plant, which was developed and constructed in the 1980's, utilizes a

single-flash process to generate electrical power from liquid-dominated geothermal brine. The original plant was designed to utilize the heat energy in the geothermal brine, flashing the brine to steam and using it in a conventional steam turbine generator. The brine is flashed to steam, passed through a steam turbine generator, condensed back to liquid and then re-injected back into the underground geothermal reservoir at approximately 340°F.

The bottoming cycle uses the latent heat in the geothermal brine to drive a second turbine generator. The brine at 340°F flows through a conventional tube and shell heat exchanger and is used to vaporize pentane as the motive fluid. The pentane vapor drives the second turbine generator which produces the nominal 11 MW. The pentane is condensed back to liquid with an air-cooled condenser. The brine is re-injected back into the geothermal reservoir at approximately 180°F.

Q. How will energy generated by the Blundell Bottoming Cycle resource be delivered?

A. Energy generated by the Blundell Bottoming Cycle will be delivered directly to the Company's system at the 46kV level.

Q. Please describe the benefits of this resource to Idaho ratepayers.

A. Idaho ratepayers benefit from this resource as it represents a renewable resource that can economically meet a commercial operation date during 2007. The 2003 and subsequent IRPs specify that that renewable resources be steadily added to the system with the target of reaching 1,400 megawatts or more of renewable resources prior to 2015. The Blundell Bottoming Cycle project represents such a resource.

Q. What additional evaluation did the Company do regarding the Blundell Bottoming Cycle resource?

A. The Blundell Bottoming Cycle project was included as a resource in the 2004 Updated Integrated Resource Plan Action Plan to meet PacifiCorp's renewable target.

Q. How did the Company make the decision to move forward with the Blundell Bottoming Cycle resource?

A. The Company was provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, a comparison against the risks associated with an alternative bidder, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, the fueling strategy, and the justification of the project.

Q. What investment related to the Blundell Bottoming Cycle resource is included in the revenue requirement?

A. The Company has included $27.7 million for the Blundell Bottoming Cycle resource in this application. The Blundell Bottoming Cycle resource is expected to be operational by December 2007. The O&M cost associated with the Blundell Bottoming Cycle resource is approximately $25 thousand.

As discussed in Company witness Mark T. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Blundell Bottoming Cycle resource for the same number of months that the investment is included in the revenue requirement. Company witness Steven R. McDougal's testimony describes the revenue requirement calculations associated with the

inclusion of this resource.

Conclusion

Q. Please summarize your conclusions.

A. Supply-side resources with in-service dates during 2007, have been included in the Company's application including the investment, modeling of net power cost impacts, and associated expenses. These projects represent significant investments the Company is making on behalf of its customers to meet their energy needs on a prudent and cost-effective basis. Customers will receive the output of these facilities during the rate-effective period and, therefore, should pay for the costs associated with the facilities. The Company has been prudent in securing these facilities for the benefit of its Idaho customers and should be granted full cost recovery.

Q. Does this conclude your testimony?

A. Yes.

Case No. PAC-E-07-05
Exhibit No. 17
Witness: William J. Fehrman

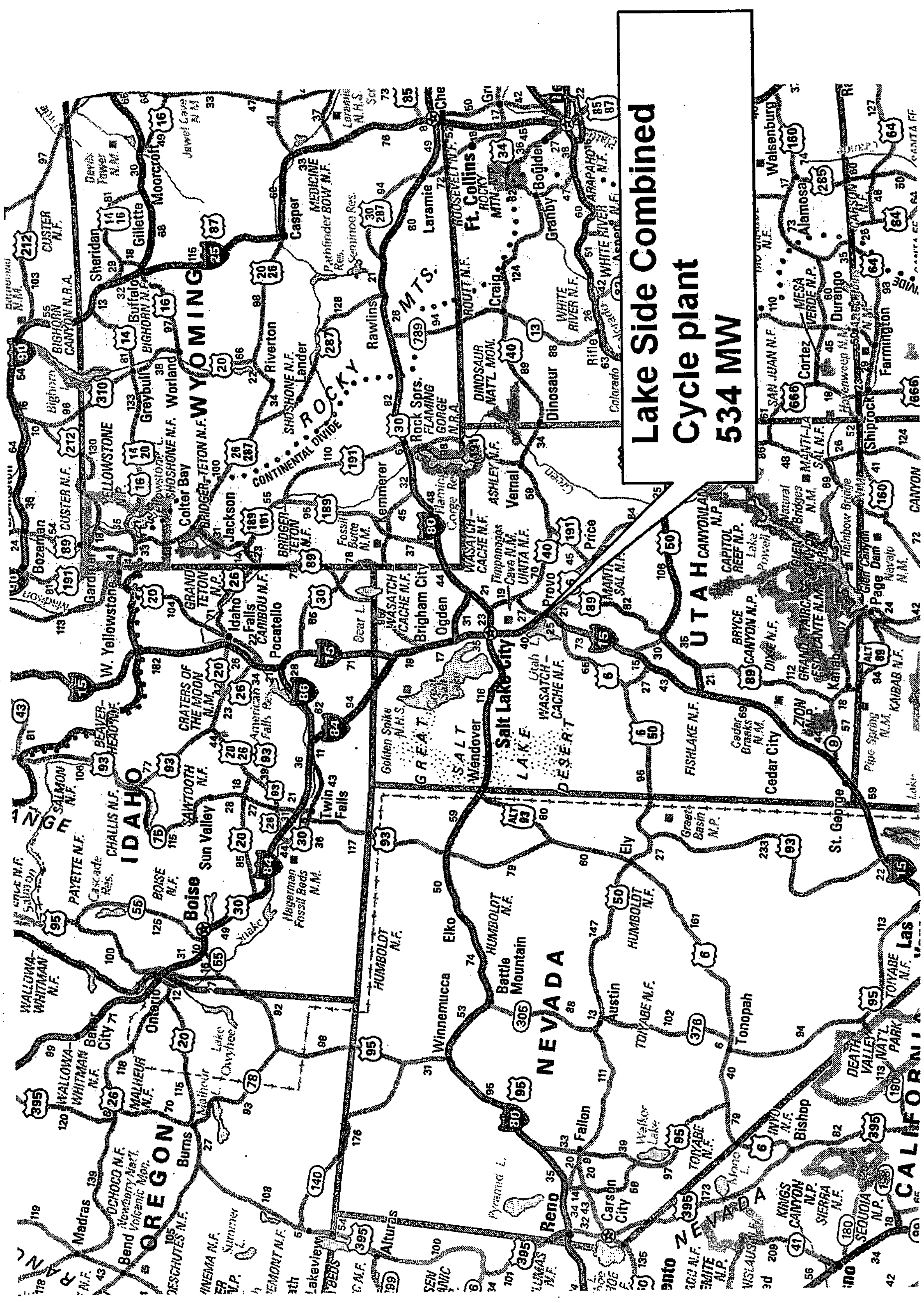
BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of William J. Fehrman

Map of Lake Side Power Project Location

June 2007


Lake Side Combined
Cycle plant
534 MW
WYOMING
IDAHO
NEVADA
UTAH
OREGON
Salt Lake City
Boise
Reno

Case No. PAC-E-07-05
Exhibit No. 18
Witness: William J. Fehrman

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ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of William J. Fehrman

Map of Leaning Juniper 1 Location

June 2007

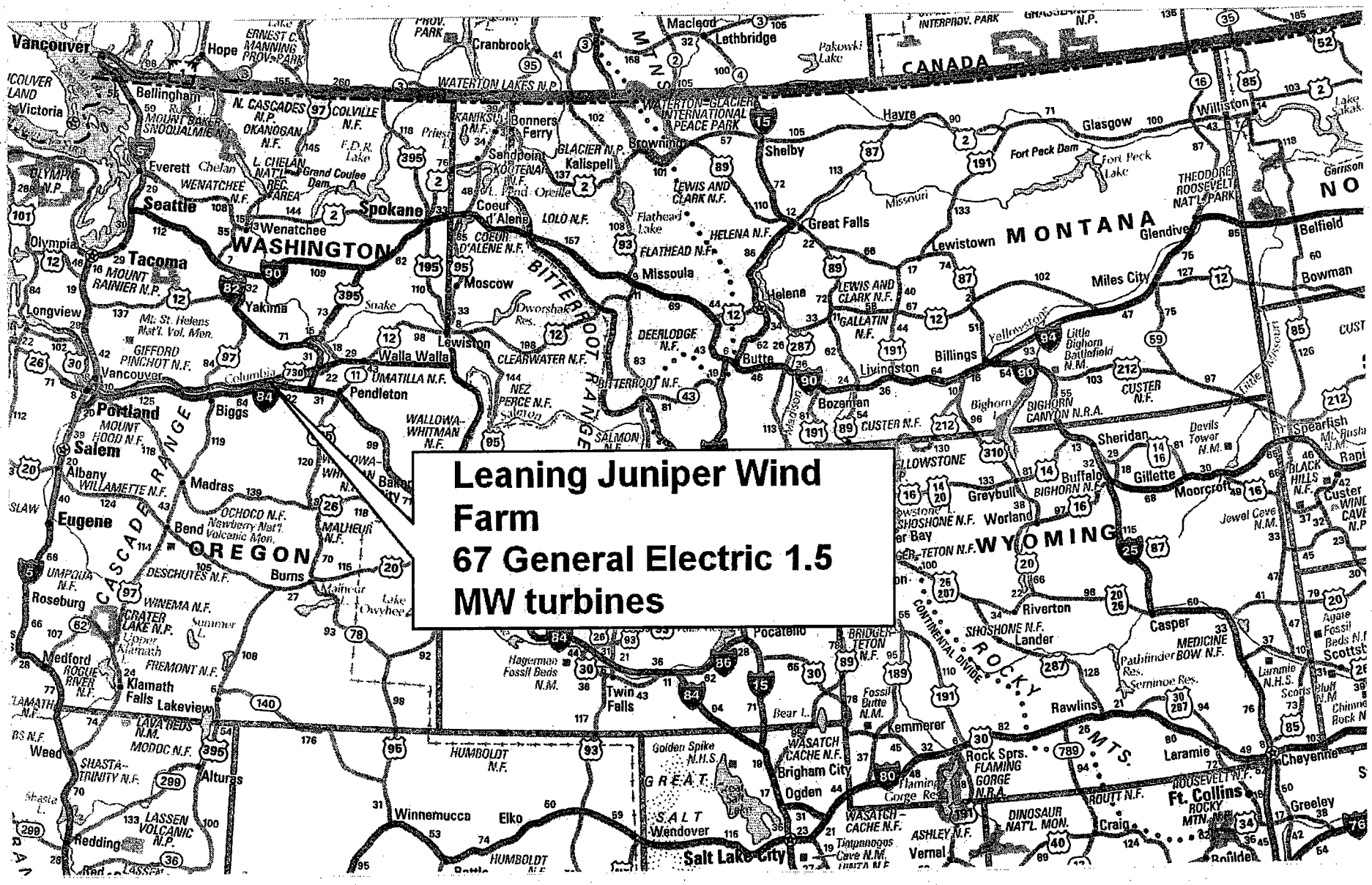

Exhibit No. 18
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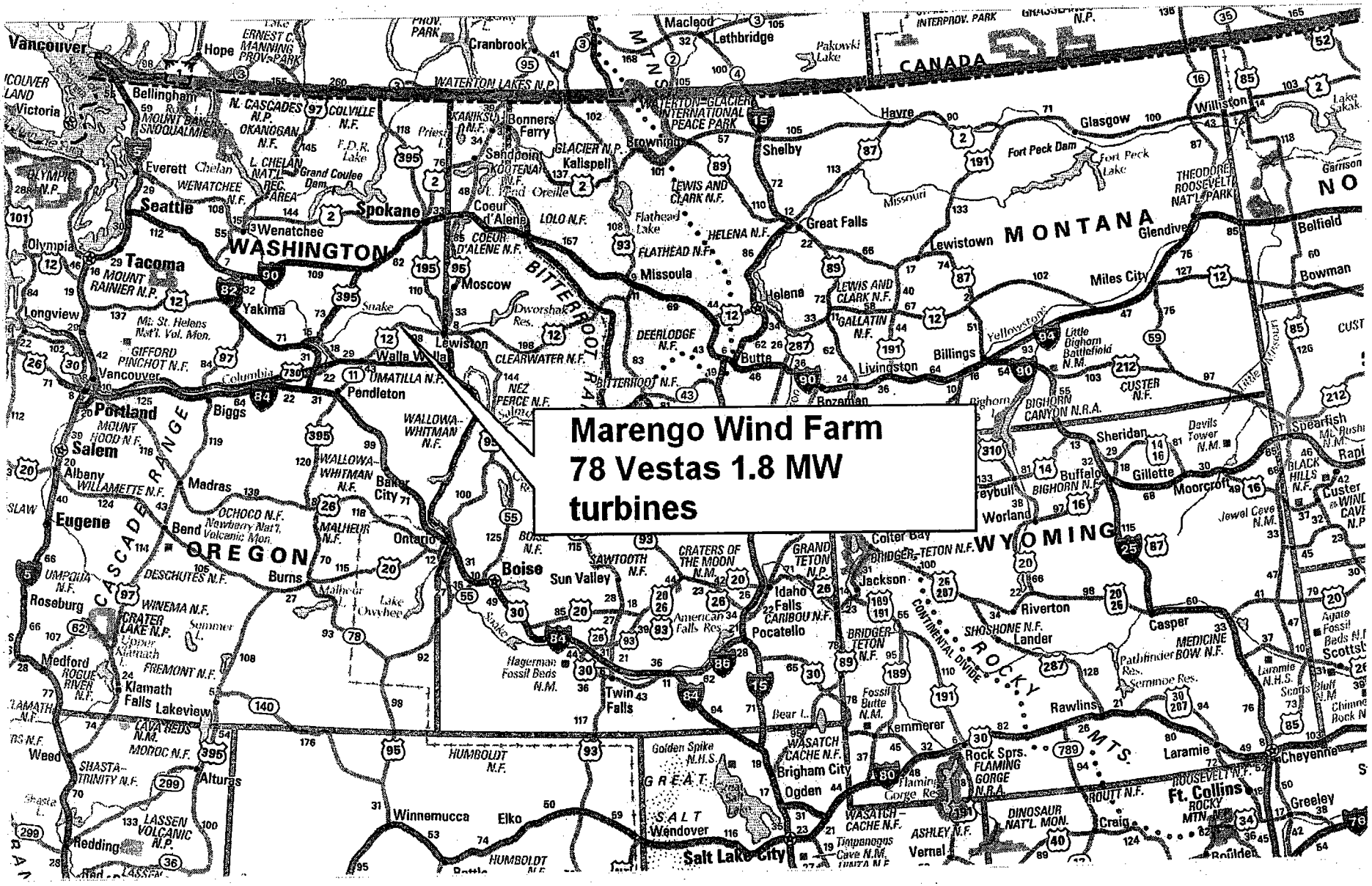
Map of Marengo Project Location

June 2007



Rocky Mountain Power
Exhibit No. 19
CASE NO. PAC-E-07-05
Witness William J. Fehrman

Case No. PAC-E-07-05
Exhibit No. 20
Witness: William J. Fehrman

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

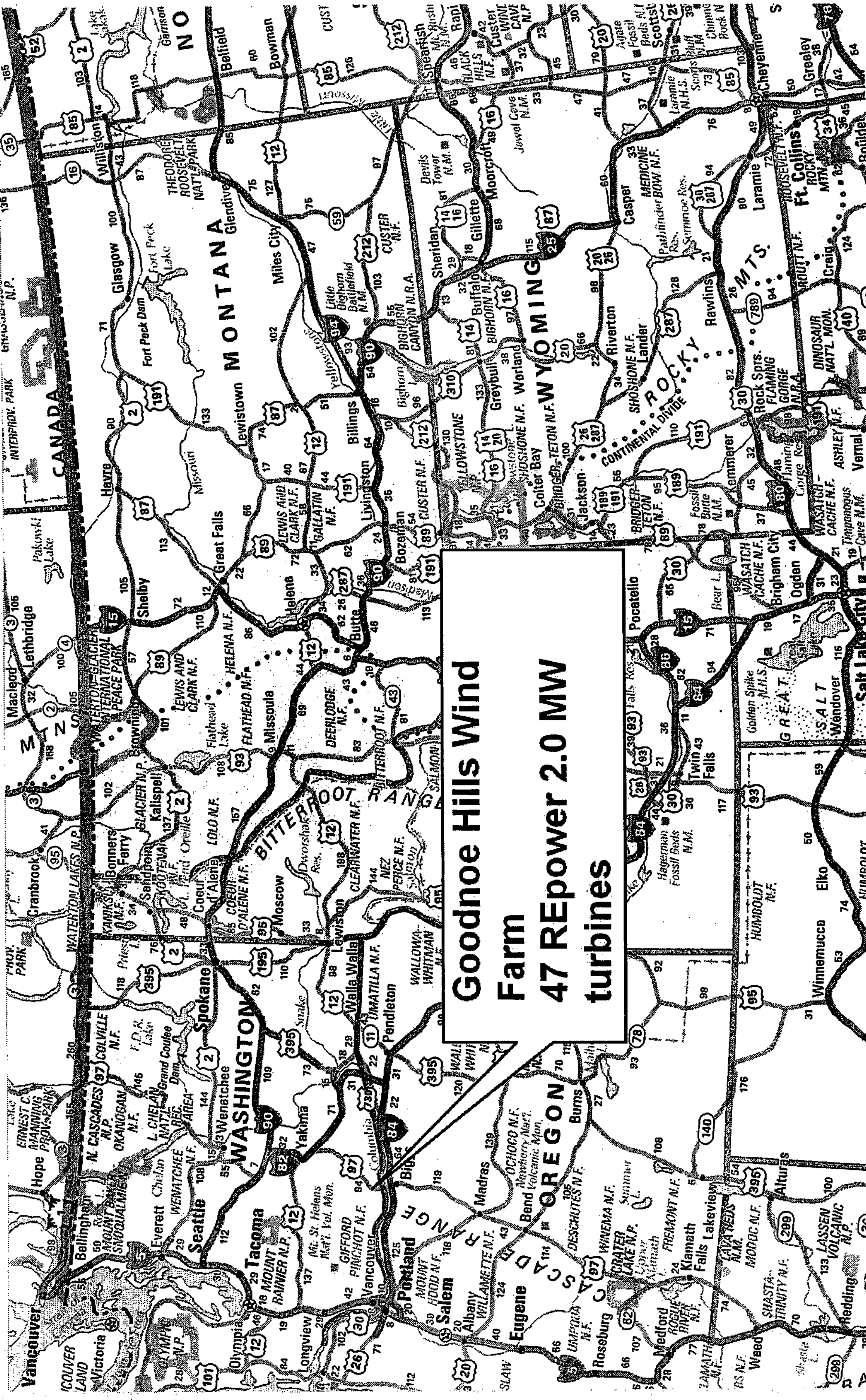
ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of William J. Fehrman

Map of Goodnoe Hills Project Location

June 2007

Rocky Mountain Power
Exhibit No. 20
CASE NO. PAC-E-07-05
Witness William J Fehrman



Case No. PAC-E-07-05
Exhibit No. 21
Witness: William J. Fehrman

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of William J. Fehrman

Map of Blundell Bottoming Cycle Resource Location

June 2007

Rocky Mountain Power
Exhibit No. 21
CASE NO. PAC-E-07-05
Witness William J. Fehrman