



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

November 16, 2007

***VIA ELECTRONIC FILING***

Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97310-2551

Attn: Filing Center

RE: UM 1302- In the Matter of the Investigation into the Treatment of CO<sub>2</sub> Risk in the Integrated Resource Planning (IRP) Process, **Joint Utility Comments**

Enclosed for filing by PacifiCorp (d.b.a. Pacific Power), Portland General Electric Company and Idaho Power Company is an original and one (1) copy of the Joint Utility Comments in the above-captioned docket.

Informal questions on this matter may be directed to Joelle Steward at (503) 813-5542.

Very truly yours,

Andrea L. Kelly  
Vice President, Regulation

Enclosures

cc: UM 1302 Service List (via email)

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1302**

In the Matter of:

PUBLIC UTILITY COMMISSION  
OF OREGON Staff's Investigation  
Into the Treatment of CO<sub>2</sub> Risk in the  
Integrated Resource Plan (IRP) Process

Comments of Joint Utilities

Pursuant to Judge Power's October 25 ruling ("October 25th Ruling"), PacifiCorp, d.b.a. Pacific Power ("Pacific Power"), Portland General Electric Company ("PGE") and Idaho Power Company ("Idaho Power") (collectively the "Utilities") hereby submit comments in the above-captioned docket.

**COMMENTS**

The October 25th Ruling invited parties to comment on Oregon Public Utility Commission Staff's ("Staff") draft Guideline 8 submitted in Staff's September 26, 2007 comments. Because the parties filed simultaneous opening comments, these Reply Comments provide the Utilities with their first opportunity to respond to Staff's September 26th comments.

Integrated Resource Plan ("IRP") guidelines should remain broad to allow utilities flexibility to adapt to rapidly changing regulatory circumstances. Staff's September 26th draft Guideline 8 stands out from the other IRP guidelines in this respect, in that it requires an unprecedented level of specific and detailed analysis that might well prove superfluous once a regulatory framework is clearly defined and instituted. The Utilities would ultimately prefer a more streamlined guideline that would serve as the starting

point for discussions on the treatment of CO2 risk in the IRP's public input process. Such discussions would be informed by the then-current regulatory and legislative circumstances.

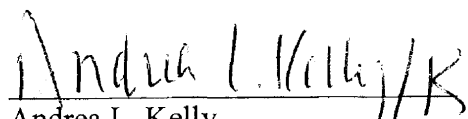
Thus, for the reasons expressed in their September 26 comments, the Utilities continue to support their own proposed draft Guideline 8. The Utilities' September 26, 2007 draft Guideline 8, included with these comments as Attachment A, provides the necessary flexibility and also captures an appropriate level of carbon dioxide risk modeling in IRPs that allows for transparent evaluation.

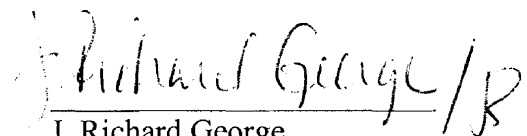
### CONCLUSION

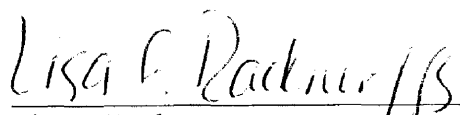
The Utilities look forward to discussing these issues further with the Commission at the forthcoming workshop.

DATED this 16th day of November, 2007.

Respectfully submitted,

  
Andrea L. Kelly  
Vice President, Regulation  
Pacific Power

  
J. Richard George  
Assistant General Counsel  
Portland General Electric

  
Lisa F. Rackner  
McDowell & Rackner  
Attorney for Idaho Power

## **ATTACHMENT A**

- a. SCENARIOS: The utility should construct a base-case scenario to reflect what it considers to be the most likely regulatory compliance future for carbon dioxide (CO<sub>2</sub>), nitrogen oxides, sulfur oxides, and mercury emissions. The utility also should develop ~~a broad array of compliance scenarios ranging from the present CO<sub>2</sub> regulatory cost to the upper reaches of credible proposals by governing bodies (i.e., at least \$100 per ton, as levelized in 2005 dollars).~~ Each scenario should maintain logical consistency, to the extent practicable, between CO<sub>2</sub> regulatory costs and other key inputs including, but not limited to, expected interactive effects with fuel and electricity prices. Each scenario should include a time profile of CO<sub>2</sub> compliance costs. The utility should identify for each scenario the underlying sources of the CO<sub>2</sub> compliance costs; i.e., whether it envisions those costs to be in the form of taxes, a ban on certain types of resources, or CO<sub>2</sub> caps (with or without flexibility mechanisms such as trading or a safety valve). The utility should explain its rationale for choosing its base-case CO<sub>2</sub> regulatory future from among the other possible CO<sub>2</sub> regulatory futures. The utility should estimate the twenty-year (as a minimum) present value of revenue requirement (PVRR) for each of the studied portfolios. End-effect considerations should be incorporated in the portfolio analyses to allow for comparisons of portfolios containing resources with different economic lives. If material, sensitivity analyses on a range of reasonable regulatory futures for nitrogen oxides, sulfur oxides and mercury should be included as part of the portfolio analysis.
- b. ~~PREFERRED PORTFOLIO: The utility should identify, among reasonable alternatives, the portfolio that it prefers in recognition of both its base-case scenario, the broad range of potential regulatory compliance scenarios described above, other analyses conducted during the course of the integrated resource planning cycle, and management discretion. The utility should estimate the twenty year (as a minimum) present value of revenue requirement (PVRR) for each of the studied portfolios for several illustrative regulatory compliance futures within the range of scenarios. End-effect considerations should be incorporated in the analyses to allow for comparisons of portfolios containing resources with different economic lives. In addition, and if material, sensitivity analyses on a range of reasonably possible regulatory futures for nitrogen oxides, sulfur oxides, and mercury should be included to further substantiate the preferred portfolio selection.~~
- be. TRIGGER POINT ANALYSIS AND ALTERNATE ALTERNATIVE PORTFOLIOS: The utility should identify at least one set of CO<sub>2</sub> regulatory future compliance costs, if there is one, within the range of alternative regulatory scenarios considered that would lead to, or “trigger,” a set of resources that is substantially different from the preferred portfolio. The utility should fully develop an alternate alternative portfolio optimized for each of these trigger point CO<sub>2</sub> regulatory futures. The utility should then analyze scenarios and compare the portfolio’s expected the cost and risk performance to that of the initially preferred portfolio under the base-case conditions and under each of the CO<sub>2</sub> compliance scenarios of the alternate portfolio(s) to that of the preferred portfolio. For each of CO<sub>2</sub> regulatory future trigger points identified through the analyses, the utility should include an assessment that a CO<sub>2</sub> regulatory future will be mandated that is equally or more stringent. Additionally, the utility should evaluate the preferred portfolio under the base-case CO<sub>2</sub> regulatory future and at least one alternative CO<sub>2</sub> regulatory future.

- ~~cd. PORTFOLIO CO<sub>2</sub> RISK ADAPTABILITY: The utility should assess the cost and risks of adapting the preferred portfolio to an alternate portfolio a scenario (or scenarios) if where the utility must change course unexpectedly due to a major change in the CO<sub>2</sub> compliance requirements. The utility should describe the timing and magnitude of new CO<sub>2</sub> requirements that would elicit such a divergence in course, and provide its assessment of such a CO<sub>2</sub> regulatory shift taking place. The utility should describe the timing and magnitude of new CO<sub>2</sub> requirements that would elicit the indicated portfolio modifications. The utility should compare the cost and risks of the adapted preferred portfolio with those of an optimized alternative portfolio designed to be more adaptable in the event of such a change in the CO<sub>2</sub> compliance requirements. Comparative factors such as lead times for site acquisition, engineering, and construction should be incorporated in the characterization of the alternative portfolio. The utility should provide its assessment of such a CO<sub>2</sub> regulatory shift taking place.~~
- ~~de. OREGON COMPLIANCE PORTFOLIO: If neither none of the original preferred portfolio nor an alternate alternative portfolios would be is consistent with Oregon energy policies applicable to the electricity sector (including state goals for reducing greenhouse gas emissions reductions for that sector), the utility should construct a an optimized portfolio that achieves that consistency and perform the same analysis as for the alternate portfolio(s), present the cost and risk parameters, and compare them to those of the preferred and alternative portfolios.~~

**SERVICE LIST  
UM 1302**

**W= Waive Paper Service**

<p>Edward A. Finklea (W) Cable Huston Benedict Haagensen &amp; Lloyd LLP 1001 SW 5th , Ste 2000 Portland, OR 97204 <a href="mailto:efinklea@chbh.com">efinklea@chbh.com</a></p>	<p>Chad M. Stokes (W) Cable Huston Benedict Haagensen &amp; Lloyd LLP 1001 SW 5th , Ste 2000 Portland, OR 97204 <a href="mailto:cstokes.@chbh.com">cstokes.@chbh.com</a></p>
<p>Jon T. Stoltz (W) Sr. Vice President, Regulatory &amp; Gas Cascade Natural Gas P.O. Box 24464 Seattle, WA 98124 <a href="mailto:jstoltz@cngc.com">jstoltz@cngc.com</a></p>	<p>Lowrey R. Brown (W) Utility Analyst Citizens' Utility Board of Oregon 610 SW Broadway, Ste 308 Portland, OR 97205 <a href="mailto:lowrey@oregoncub.org">lowrey@oregoncub.org</a></p>
<p>Jason Eisdorfer (W) Energy Program Director Citizens' Utility Board of Oregon 610 SW Broadway, Ste 308 Portland, OR 97205 <a href="mailto:jason@oregoncub.org">jason@oregoncub.org</a></p>	<p>Robert Jenks (W) Citizens' Utility Board of Oregon 610 SW Broadway, Ste 308 Portland, OR 97205 <a href="mailto:bob@oregoncub.org">bob@oregoncub.org</a></p>
<p>Irion A. Sanger (W) Davison Van Cleve, PC 333 SW Taylor, Ste 400 Portland, OR 97304 <a href="mailto:ias@dvclaw.com">ias@dvclaw.com</a></p>	<p>Melinda J. Davison (W) Davison Van Cleve, PC 333 SW Taylor, Ste 400 Portland, OR 97304 <a href="mailto:mail@dvclaw.com">mail@dvclaw.com</a></p>
<p>Stephanie S. Andrus (W) Regulated Utility &amp; Business Section Department of Justice 1162 Court St NE Salem, OR 97301-4096 <a href="mailto:stephanie.andrus@state.or.us">stephanie.andrus@state.or.us</a></p>	<p>David Hatton (W) Regulated Utility &amp; Business Section Department of Justice 1162 Court St NE Salem, OR 97301-4096 <a href="mailto:david.hatton@state.or.us">david.hatton@state.or.us</a></p>
<p>Janet L. Prewitt (W) Department of Justice 1162 Court St NE Salem, OR 97301-4096 <a href="mailto:janet.prewitt@doj.state.or.us">janet.prewitt@doj.state.or.us</a></p>	<p>James Edelson (W) Ecumenical Ministries of Oregon 415 NE Mirimar Pl Portland, OR 97232 <a href="mailto:Edelson8@comcast.net">Edelson8@comcast.net</a></p>

<p>Jenny Holmes (W)  Environmental Ministries Director  Ecumenical Ministries of Oregon  <a href="mailto:inec@emoregon.org">inec@emoregon.org</a></p>	<p>John W. Stephens (W)  Esler Stephens &amp; Buckley  888 SW Fifth Ave, Ste 700  Portland, OR 97204-2021  <a href="mailto:stephens@eslerstephens.com">stephens@eslerstephens.com</a></p>
<p>Ric Gale (W)  Vice President, Regulatory Affairs  Idaho Power Company  P.O. Box 70  Boise, ID 83707  <a href="mailto:rgale@idahopower.com">rgale@idahopower.com</a></p>	<p>Barton L. Kline (W)  Senior Attorney  Idaho Power Company  P.O. Box 70  Boise, ID 83707  <a href="mailto:bkline@idahopower.com">bkline@idahopower.com</a></p>
<p>Monica B. Moen (W)  Attorney  Idaho Power Company  P.O. Box 70  Boise, ID 83707  <a href="mailto:mmoen@idahopower.com">mmoen@idahopower.com</a></p>	<p>Lisa D. Nordstrom (W)  Attorney  Idaho Power Company  P.O. Box 70  Boise, ID 83707  <a href="mailto:lnordstrom@idahopower.com">lnordstrom@idahopower.com</a></p>
<p>Michael Youngblood (W)  Senior Pricing Analyst  Idaho Power Company  P.O. Box 70  Boise, ID 83707  <a href="mailto:myoungblood@idahopower.com">myoungblood@idahopower.com</a></p>	<p>Wendy McIndoo (W)  McDowell &amp; Rackner, PC  520 SW 6th Ave, Ste 830  Portland, OR 97204  <a href="mailto:wendy@mcd-law.com">wendy@mcd-law.com</a></p>
<p>Lisa F. Rackner (W)  McDowell &amp; Rackner, PC  520 SW 6th Ave, Ste 830  Portland, OR 97204  <a href="mailto:lisa@mcd-law.com">lisa@mcd-law.com</a></p>	<p>Steven Weiss (W)  Senior Policy Analyst  Northwest Energy Coalition  4422 Oregon Trail Ct NE  Salem, OR 97305  <a href="mailto:steve@nwenergy.org">steve@nwenergy.org</a></p>
<p>Elisa M. Larson (W)  Associate Counsel  Northwest Natural  220 NW 2nd Ave  Portland, OR 97209  <a href="mailto:eml@nwnatural.com">eml@nwnatural.com</a></p>	<p>Inara K. Scott (W)  Regulatory Affairs Manager  Northwest Natural  220 NW 2nd Ave  Portland, OR 97209  <a href="mailto:iks@nwnatural.com">iks@nwnatural.com</a></p>

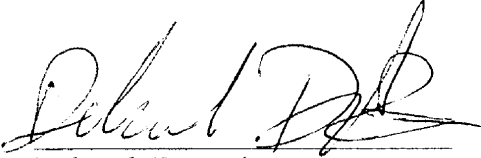


<p>Philip H. Carver (W) Senior Policy Analyst Oregon Department of Energy 625 Marion St NE, Ste 1 Salem, OR 97301-3742 <a href="mailto:philip.h.carver@state.or.us">philip.h.carver@state.or.us</a></p>	<p>Michelle R. Mishoe (W) Legal Counsel Pacific Power 825 NE Multnomah, Ste 1800 Portland, OR 97232 <a href="mailto:michelle.mishoe@pacificorp.com">michelle.mishoe@pacificorp.com</a></p>
<p>Paul M. Wrigley (W) Manager, Regulation Pacific Power 825 NE Multnomah, Ste 2000 Portland, OR 97232 <a href="mailto:paul.wrigley@pacificorp.com">paul.wrigley@pacificorp.com</a></p>	<p>Kyle L. Davis (W) Manager, Environmental Policy &amp; Strategy PacifiCorp 825 NE Multnomah, Ste 2000 Portland, OR 97232 <a href="mailto:kyle.l.davis@pacificorp.com">kyle.l.davis@pacificorp.com</a></p>
<p>Greg N. Duvall (W) Director, IRP &amp; Regulatory Strategy PacifiCorp 825 NE Multnomah, Ste 600 Portland, OR 97232 <a href="mailto:greg.duvall@pacificorp.com">greg.duvall@pacificorp.com</a></p>	<p>Natalie Hocken (W) Vice President &amp; General Counsel Pacific Power 825 NE Multnomah, Ste 2000 Portland, OR 97232 <a href="mailto:natalie.hocken@pacificorp.com">natalie.hocken@pacificorp.com</a></p>
<p>Oregon Dockets (W) Pacific Power 825 NE Multnomah, Ste 2000 Portland, OR 97232 <a href="mailto:oregondockets@pacificorp.com">oregondockets@pacificorp.com</a></p>	<p>James M. Van Nostrand (W) Perkins Coie LLP 1120 NW Couch Street, 10th Floor Portland, OR 97209-4128 <a href="mailto:jvannostrand@perkinscoie.com">jvannostrand@perkinscoie.com</a></p>
<p>Patrick Hager (W) Rates &amp; Regulatory Affairs Portland General Electric Company 121 SW Salmon St 1WTC0702 Portland, OR 97204 <a href="mailto:Pge.opuc.filings@pgn.com">Pge.opuc.filings@pgn.com</a></p>	<p>J. Richard George (W) Portland General Electric Company 121 SW Salmon St 1WTC1301 Portland, OR 97204 <a href="mailto:richard.george@pgn.com">richard.george@pgn.com</a></p>
<p>George Compton (W) Public Utility Commission of Oregon P.O. Box 2148 Salem, OR 97308-2148 <a href="mailto:george.compton@state.or.us">george.compton@state.or.us</a></p>	<p>Ann English Gravatt (W) Renewable Northwest Project 917 SW Oak, Ste 303 Portland, OR 97205 <a href="mailto:ann@rnp.org">ann@rnp.org</a></p>
<p>Jesse Jenkins (W) Renewable Northwest Project 917 SW Oak, Ste 303 Portland, OR 97205 <a href="mailto:jesse@rnp.org">jesse@rnp.org</a></p>	<p>Paula Pyron (W) Executive Director Northwest Industrial Gas Users 4113 Wolf Berry Ct Lake Oswego, OR 97305-1827 <a href="mailto:ppyron@nwigu.org">ppyron@nwigu.org</a></p>

**CERTIFICATE OF SERVICE**

I certify that I have cause to be served the foregoing **PACIFIC POWER'S MOTION TO AMEND SCHEDULE** in OPUC Docket No. UM 1302 by electronic mail and first class mail to those parties who have not waived paper service on the above service list.

DATED this 16th day of November, 2007.

A handwritten signature in black ink, appearing to read "Deborah Depetris", written over a horizontal line.

Deborah Depetris  
Supervisor, Regulatory Admin.