PACIFIC POWER
A DIVISION OF PACIFICORP

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_2 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 /JS

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_2 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 CO_2 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 /LK
Andrea L. Kelly
Vice President, Regulation
Pacific Power

J. Richard George /LK
J. Richard George
Assistant General Counsel
Portland General Electric

Lisa F. Rackner /LS
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_2), nitrogen oxides, sulfur oxides, and mercury emissions. The utility also should develop ~~a broad array of~~ compliance scenarios ranging from the present CO_2 ~~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_2 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_2 compliance costs. The utility should identify for each scenario the underlying sources of the CO_2 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_2 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_2 regulatory future from among the other possible CO_2 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.~~

b~~c~~. TRIGGER POINT ANALYSIS AND ALTERNATE ~~ALTERNATIVE~~ PORTFOLIOS: The utility should identify at least one ~~set of~~ CO_2 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_2 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_2 compliance scenarios~~ of the alternate portfolio(s) to that of the preferred portfolio. For ~~each of~~ CO_2 regulatory future trigger points identified through the analyses, the utility should include an assessment that a CO_2 regulatory future will be mandated that is equally or more stringent. Additionally, the utility should evaluate the preferred portfolio under the base-case CO_2 regulatory future and at least one alternative CO_2 regulatory future.

c~~d~~. PORTFOLIO CO_2 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_2 compliance requirements. The utility should describe the timing and magnitude of new CO_2 requirements that would elicit such a divergence in course, and provide its assessment of such a CO_2 regulatory shift taking place. ~~The utility should describe the timing and magnitude of new CO_2 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_2 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_2 regulatory shift taking place.~~

d~~e~~. OREGON COMPLIANCE PORTFOLIO: If neither ~~none of~~ the original preferred portfolio nor an alternate ~~alternative~~ portfolio~~s~~ 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

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

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

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

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.

Deborah Depetris
Supervisor, Regulatory Admin.