



**DEPARTMENT OF JUSTICE**  
GENERAL COUNSEL DIVISION

September 19, 2007

Public Utility Commission of Oregon  
Attention: Filing Center  
550 Capitol Street NE, Suite 215  
P.O. Box 2148  
Salem, OR 97301-2148  
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Re: *In the Matter of PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY*  
*Integrated Resource Plan*  
PUC Docket No. LC 42  
DOJ File No. 330-030-GN3143-07

Enclosed are an original and five copies of Oregon Department of Energy's Initial Comments in the above-captioned matter for filing with the PUC today.

Sincerely,

Janet L. Prewitt  
Assistant Attorney General  
Natural Resources Section

Enclosures

c: Sven Anderson, Oregon Department of Energy  
Diana Enright, Oregon Department of Energy  
LC 42 Service List

JLP:jrs/GENV3368

1 BEFORE THE PUBLIC UTILITY COMMISSION  
2 OF OREGON

3 LC 42

4 In the Matter of the )

5 PACIFICORP, dba PACIFIC POWER )  
6 & LIGHT COMPANY )

7 Integrated Resource Plan )  
\_\_\_\_\_ )

**OREGON DEPARTMENT OF  
ENERGY'S INITIAL COMMENTS**

8 SUMMARY

9 After nearly 20 years of scientific and political debate, four PacifiCorp states, as  
10 members of the Western Climate Initiative, appear ready to cap and reduce CO<sub>2</sub> emissions from  
11 the electric sector. These states comprise 77 percent of PacifiCorp's loads. There are other  
12 political processes to cap PacifiCorp's emissions if this process fails in the 2009 Oregon,  
13 Washington and Utah legislatures.

14 At a time when PacifiCorp should be developing a long-term plan to replace the output of  
15 its existing coal plants with low-CO<sub>2</sub> resources, its 2007 Action Plan Items #8 and #9 propose to  
16 build 900 MW of supercritical pulverized coal capacity with on-line dates of 2012 and 2014  
17 based on the assumption these plants will operate as based load resources through 2052 and  
18 2054, respectively. The Commission should not acknowledge these action items.

19 If the Commission acknowledges Action Item #1, it should indicate that PacifiCorp  
20 should acquire more than this level of renewable resources or show why this is not least-cost,  
21 adjusted for risk.

22 Instead, PacifiCorp should plan to acquire 20 percent of its energy from qualifying  
23 renewables by 2014, as an alternative to proposed new coal. It should also increase its  
24 acquisition of energy efficiency and peak reduction programs.

1 **SCIENTIFIC CONTEXT**

2 **James Hansen**

3 James Hansen is the director of NASA's Goddard Institute for Space Studies. In  
4 Congressional Testimony in 1988 he predicted the world in the 1990's would be warmer than  
5 any decade on record. That forecast proved remarkably accurate (see  
6 <http://www.realclimate.org/index.php/archives/2007/05/hansens-1988-projections/>).

7 This decade has been warmer than the 1990s. The warmest year on record for the world  
8 was 2005. The second warmest was 1998. The warmest January through August period for the  
9 world was in 1998. January through August 2007 is slightly ahead of the same period for 2005  
10 and slightly behind this period for 1998. (See <http://data.giss.nasa.gov/gistemp/graphs/>).

11 In May 2007 James Hansen warned:

12 *"The nonlinearity of the ice sheet problem makes it impossible to accurately predict the*  
13 *sea level change on a specific date. However, as a physicist, I find it almost*  
14 *inconceivable that BAU [business-as-usual] climate change would not yield a sea level*  
15 *change of the order of meters on the century timescale. The threat of a large sea level*  
16 *change is a principal element in our argument (Hansen et al 2006a, 2006b, 2007) that*  
*the global community must aim to keep additional global warming less than 1 °C above*  
*the 2000 temperature, and even 1 °C may be too great. In turn, this implies a CO2 limit*  
*of about 450 ppm, or less."*  
(page 4 of [http://pubs.giss.nasa.gov/docs/2007/2007\\_Hansen.pdf](http://pubs.giss.nasa.gov/docs/2007/2007_Hansen.pdf))

17 Keeping CO<sub>2</sub> below 450 ppm will require huge reductions in worldwide CO<sub>2</sub> emissions in the  
18 next few decades. The annualized world level is just under 383 ppm. At Mauna Loa it rose an  
19 average of 2.1 ppm per year for 2002 through 2006.

20 (<http://www.esrl.noaa.gov/gmd/ccgg/trends/>). The average rate of increase for 1959 through  
21 2004 was 1.4 ppm.

22 **The Intergovernmental Panel On Climate Change**

23 The World Meteorological Organization (WMO) and the United Nations Environment  
24 Programme (UNEP) established the Intergovernmental Panel on Climate Change (IPCC) in  
25 1988. The Panel's role is to assess on a comprehensive, objective, open and transparent basis the  
26 best available scientific, technical and socio-economic information on climate change from

1 around the world.

2 The First IPCC Assessment Report in 1990 indicated that climate change from CO<sub>2</sub>  
3 emissions might have significant impacts:

4 *"We are certain of the following: there is a natural greenhouse effect ...; emissions*  
5 *resulting from human activities are substantially increasing the atmospheric*  
6 *concentrations of the greenhouse gases: CO<sub>2</sub>, methane, CFCs and nitrous oxide. These*  
7 *increases will enhance the greenhouse effect, ...*

8 *"Based on current models, we predict: under [a business-as-usual scenario] an increase*  
9 *of global mean temperature during the [21st] century of about 0.3 °C per decade (with*  
10 *an uncertainty range of 0.2 to 0.5 °C per decade); this is greater than that seen over the*  
11 *past 10,000 years;"*

12 The 2007 IPCC forecast is consistent with this 1990 forecast. Note we will pass Hansen's 1 °C  
13 threshold around 2030 if no action is taken to cap emissions.

14 The fourth IPCC assessment report contains significantly stronger language than the first  
15 three reports:

16 *"It is very unlikely that the 20th-century warming can be explained by natural causes.*  
17 *The late 20th century has been unusually warm. Palaeoclimatic reconstructions show*  
18 *that the second half of the 20th century was likely the warmest 50-year period in the*  
19 *Northern Hemisphere in the last 1300 years. This rapid warming is consistent with the*  
20 *scientific understanding of how the climate should respond to a rapid increase in*  
21 *greenhouse gases like that which has occurred over the past century, and the warming is*  
22 *inconsistent with the scientific understanding of how the climate should respond to*  
23 *natural external factors such as variability in solar output and volcanic activity.*

24 *"Climate models provide a suitable tool to study the various influences on the Earth's*  
25 *climate. When the effects of increasing levels of greenhouse gases are included in the*  
26 *models, as well as natural external factors, the models produce good simulations of the*  
27 *warming that has occurred over the past century. The models fail to reproduce the*  
28 *observed warming when run using only natural factors. When human factors are*  
29 *included, the models also simulate a geographic pattern of temperature change around*  
30 *the globe similar to that which has occurred in recent decades. This spatial pattern,*  
31 *which has features such as a greater warming at high northern latitudes, differs from the*  
32 *most important patterns of natural climate variability that are associated with internal*  
33 *climate processes, such as El Niño."*

(page 28 of [http://ipcc-wg1.ucar.edu/wg1/Report/AR4WG1\\_Print\\_FAQs.pdf](http://ipcc-wg1.ucar.edu/wg1/Report/AR4WG1_Print_FAQs.pdf).)

## 24 **The National Academies of Sciences and Engineering**

25 In 1991 the National Academies of Sciences and Engineering issued their synthesis  
26 report, *Policy Implications of Greenhouse Warming*. The Finding and Conclusions Chapter

1 included the following statements:

2 *“The Panel finds that, even given the considerable uncertainties in our knowledge of*  
3 *relevant phenomena, greenhouse warming poses a potential threat sufficient to merit*  
4 *prompt responses. ...[page 67]*

5 *“The Panel believes that a systematic implementation of the complete set of low-cost*  
6 *options described in Chapter 9 is appropriate ...[page 71]*

7 *“Low cost = cost between \$1 and \$9 per ton of CO<sub>2</sub> equivalent; Moderate cost = cost*  
8 *between \$10 and \$99 per ton of CO<sub>2</sub> equivalent.” (page 106).*

9 “In May 2001, the White House asked the National Academy of Sciences (NAS) to  
10 assess our current understanding of climate change by answering several key questions related to  
11 the causes of climate change, projections of future change, and critical research directions to  
12 improve understanding of climate change. *Climate Change Science: An Analysis of Some Key*  
13 *Questions* responded directly to those questions. The report’s often-cited conclusion is that  
14 ‘changes observed over the last several decades are likely mostly due to human activities’ with  
15 some contribution from natural variability.” (page 7, from [http://dels.nas.edu/basc/Climate-](http://dels.nas.edu/basc/Climate-LOW.pdf)  
16 [LOW.pdf](http://dels.nas.edu/basc/Climate-LOW.pdf))

17 This March 2006 NAS report concludes:

18 *“...the scientific understanding of climate change is now sufficiently clear to justify*  
19 *taking steps to reduce the amount of greenhouse gases in the atmosphere. Because*  
20 *carbon dioxide and some other greenhouse gases can remain in the atmosphere for many*  
21 *decades, centuries, or longer, the climate change impacts from concentrations today will*  
22 *likely continue well beyond the 21st century and could potentially accelerate. Failure to*  
23 *implement significant reductions in net greenhouse gas emissions will make the job much*  
24 *harder in the future—both in terms of stabilizing their atmospheric abundances and in*  
25 *terms of experiencing more significant impacts.” (page 18, ibid.)*

## 26 **Arctic Sea Ice**

The climate models are under-forecasting some aspects, particularly the melting of Arctic  
sea ice. The National Snow and Ice Data Center noted on September 17, 2007 that

“As of September 16, sea ice extent was 4.14 million square kilometers (1.59 million  
square miles), surpassing the previous one-day record of September 20–21, 2005, by  
more than 1.2 million square kilometers (461,000 square miles)...[The average  
minimum for 1979 through 2000 was 6.7 million square kilometers. This year’s  
minimum is will be more than 38 percent below this average minimum.]”

1        *The main, deep channel of the Northwest Passage (Lancaster Sound to M'Clure Strait)*  
2        *has been open, or nearly ice-free, for about five weeks (since August 11, approximately).*  
3        *Of note is the northernmost ice edge ever recorded, at 85.5 degrees North, near the 160*  
4        *degrees east longitude line.*

5        *Sea ice is still declining, although the rate is very slow at present. ...*

6        *“One prominent researcher, Igor Polyakov at the University of Fairbanks, Alaska, points*  
7        *out that pulses of unusually warm water have been entering the Arctic Ocean from the*  
8        *Atlantic, which several years later are seen in the ocean north of Siberia. These pulses of*  
9        *water are helping to heat the upper Arctic Ocean, contributing to summer ice melt and*  
10       *helping to reduce winter ice growth. Another scientist, Koji Shimada of the Japan Agency*  
11       *for Marine–Earth Science and Technology, reports evidence of changes in ocean*  
12       *circulation in the Pacific side of the Arctic Ocean. Through a complex interaction with*  
13       *declining sea ice, warm water entering the Arctic Ocean through Bering Strait in summer*  
14       *is being shunted from the Alaskan coast into the Arctic Ocean, where it fosters further ice*  
15       *loss.”*

16       [http://nsidc.org/news/press/2007\\_seaiceminimum/20070810\\_index.html](http://nsidc.org/news/press/2007_seaiceminimum/20070810_index.html)

17       These large decreases in Arctic sea ice were not forecast by the IPCC.

## 18       **Conclusion**

19       There is increasing scientific evidence of significant and potentially catastrophic climate  
20       impacts from fossil fuel CO<sub>2</sub> emissions and other greenhouse gas emissions. Within a few  
21       decades, worldwide emissions must decrease substantially. After 15 years, the states and the  
22       federal government seem about to respond. Direct emissions from the U.S. electric sector must  
23       decrease as it emits about 10 percent of total worldwide CO<sub>2</sub>.

## 24       **POLITICAL CONTEXT**

### 25       **Treaties**

26       In 1992 the U.S. signed and ratified the United Nations Framework Convention on  
27       Climate Change UNFCCC. The Convention entered into force on March 21, 1994. Its stated  
28       objective is "to achieve stabilization of greenhouse gas concentrations in the atmosphere at a low  
29       enough level to prevent dangerous anthropogenic interference with the climate system." The  
30       treaty remains in force.

31       The Kyoto Protocol to the the UNFCCC was negotiated in Kyoto, Japan in December  
32       1997, opened for signature on March 16, 1998, and closed on March 15, 1999. The agreement

1 came into force on February 16, 2005 following ratification by Russia on November 18, 2004.  
2 Canada ratified the protocol. While the U.S. signed the protocol, it did not ratify it. However,  
3 this failure to ratify did not remove the risks of future state or federal regulation of CO<sub>2</sub>  
4 emissions.

### 5 Western Climate Initiative

6 On February 26, 2007 the governors of Arizona, California, New Mexico, Oregon and  
7 Washington signed the Western Regional Climate Action Initiative.

8 The initiative includes:

9 *“Setting an overall regional goal, within six months of the effective date of this initiative,*  
10 *to reduce emissions from our states collectively, consistent with state-by-state goals; ...*

11 *“Developing, within eighteen months of the effective date of this agreement, a design for*  
12 *a regional market-based multi-sector mechanism, such as a load-based cap and trade*  
*program, to achieve the regional GHG reduction goal; ...”*

13 In May Governor Jon Huntsman announced that Utah had joined the Western Climate  
14 Initiative. On August 22, 2007 he announced he will work with Utah industry and other  
15 stakeholders to develop State goals to reduce greenhouse gas (GHG) emissions as part of a  
16 regional initiative to reduce emissions by 15 percent by 2020

17 ([http://www.deq.utah.gov/News/2007/082207\\_Utah\\_to\\_Set\\_its\\_Own\\_Greenhouse\\_Gas\\_Reduction\\_Goal.htm](http://www.deq.utah.gov/News/2007/082207_Utah_to_Set_its_Own_Greenhouse_Gas_Reduction_Goal.htm)).  
18

19 California is in the process of implementing its greenhouse gas cap of 1990 emissions by  
20 2020 for all sectors as required by AB 32 (passed in September 2006). California has completed  
21 its rulemakings on its emissions performance standards (SB 1368, also passed in September  
22 2006). This effectively bans California utilities from signing or renewing long-term contracts for  
23 coal-fired power.

24 Washington state passed emissions performance standards in April 2007 (SB 6001). The  
25 bill also set statutory goals for greenhouse gas reductions (GHG) for 2020, 2035 and 2050.  
26 Section 4 requires the governor to make recommendations to the 2008 session including a

1 recommendation on “How market mechanisms, such as a load-based cap and trade system,  
2 would assist in achieving the greenhouse gases emissions reduction goals;”

3 In the 2007 session Oregon passed HB 3543 into law. The bill sets statutory GHG goals  
4 for 2020 and 2050.

5 Governor Ted Kulongoski also supported HB 3545, which would have placed a cap on  
6 Oregon 2020 electric emissions. The bill was introduced late in the session and did not pass.  
7 Gov. Kulongoski has pledged to support legislation in the 2009 session to reduce CO<sub>2</sub> emissions,  
8 as have current House and Senate leaders.

### 9 **Western State Renewable Resource Standards**

10 To date, eight of the eleven western states, including Oregon, have adopted renewable  
11 electricity standards. The three remaining states are Idaho, Wyoming and Utah. (See  
12 [http://go.ucsusa.org/cgi-bin/RES/state\\_standards\\_search.pl?template=main](http://go.ucsusa.org/cgi-bin/RES/state_standards_search.pl?template=main)).

13 The governor of Utah has announced he will seek to implement a renewable electric  
14 standard. The final report from the Utah Renewable Energy Initiative Focus Group is due  
15 October 15. Staff of the Utah Division of Air Quality presented a straw proposal for the Utah  
16 renewable portfolio standard on August 29.

17 ([http://www.deq.utah.gov/Issues/REIFG/docs/Renewable\\_Portfolio\\_Standard\\_NOTES.pdf](http://www.deq.utah.gov/Issues/REIFG/docs/Renewable_Portfolio_Standard_NOTES.pdf)).

18 If Utah adopts renewable portfolio standards, the sum of requirements by the four WCI  
19 PacifiCorp states will likely exceed the 2,000 MW of new wind in the 2007 IRP Action Item #1.  
20 If entirely wind, Action Item #1 would be 8.5 percent of PacifiCorp’s total load in 2013. Given  
21 the competition for low-cost renewable project sites among utilities in western states with  
22 renewable standards, PacifiCorp should prepare a plan to acquire 20 percent of its energy from  
23 qualifying renewables by 2014, as an alternative to proposed new coal plants in IRP Action  
24 Items #8 and #9 with on-line dates of 2012 and 2014. This would likely include additions to  
25 transmission facilities planned under IRP Action Item #10. This should also include a plan to  
26 increase its planned acquisitions of energy efficiency (Class 2 DSM), and peak demand



1 management (Class 1 and 3 DSM). Increased demand-side management is particularly  
2 important in Wyoming. There are virtually no DSM programs in Wyoming and its loads are  
3 forecasted to grow by 673 average MW between 2006 and 2016 (2007 IRP, page 63).

4 **Other Political Processes**

5 In its opening testimony in UM 1302 the Joint Parties outlined recently drafted federal  
6 bills to cap U.S. greenhouse gases. (See pages 5-15 of  
7 <http://edocs.puc.state.or.us/efdocs/HAC/um1302hac93248.pdf>).

8 The United States Supreme Court on April 2, 2007 (No. 05-1120) decided that gases that  
9 cause or contribute to global warming are pollutants under the Clear Air Act. The Court said that  
10 the Administrator of the Environmental Protection Agency has the authority to, and must,  
11 regulate greenhouse gases unless the Administrator finds that such gases do not contribute to  
12 climate change, or there is some other reasonable explanation justifying no action. This will  
13 likely to spur federal administrative or congressional action.

14 Oregon, Washington and Utah allow legislative initiatives. Washington and Colorado  
15 adopted renewable portfolio standards by initiative. The possibility of a voter initiative was a  
16 factor in the passage of the Oregon renewable portfolio bill, SB 838. The possibility of voter  
17 initiatives increases the likelihood that the Utah legislature will pass a renewable portfolio  
18 standard and that these three states will join California in capping and reducing CO<sub>2</sub> from  
19 electric utilities.

20 **Conclusion**

21 The governors of Washington, Oregon and Utah have pledged to cap electric CO<sub>2</sub>  
22 emissions. In 2007 the legislatures in Oregon and Washington passed supportive CO<sub>2</sub>  
23 legislation. Political momentum for state caps appears to be building for the 2009 legislative  
24 sessions.

25 PacifiCorp should develop plans to meet the 2020 statutory GHG goals of California,  
26 Washington, Oregon and the goal soon to be established in Utah. These states accounted for 77

1 percent of PacifiCorp retail sales in 2005 and 2006.

## 2 **ECONOMIC CONTEXT**

3 While the cost adders associated with capping CO<sub>2</sub> emissions from electric utilities will  
4 likely be higher than PacifiCorp's base case forecast of \$8 per ton of CO<sub>2</sub> (2008\$ phased in 2010  
5 to 2012), it is unlikely the economic impacts would be so high as to make the regulations  
6 politically untenable.

7 The IPCC notes:

8 *"Most top-down, as well as some 2050 bottom-up assessments, suggest that real or*  
9 *implicit carbon prices of 20 to 50 US\$/tCO<sub>2</sub>-eq, sustained or increased over decades,*  
10 *could lead to a power generation sector with low-GHG emissions by 2050 and make*  
*many mitigation options in the end-use sectors economically attractive. [4.4,11.6]"*  
*(<http://www.mnp.nl/ipcc/docs/FAR/ApprovedSPM0405rev4b.pdf> page 29 of 35)*

11 A research study, "Probabilistic Integrated Assessment of 'Dangerous' Climate Change"  
12 Michael D. Mastrandrea and Stephen H. Schneider, *Science*, 23 April 2004; 304: 571-575,  
13 indicates similar worldwide levels of CO<sub>2</sub> adders needed to stabilize climate. The paper  
14 indicates that a worldwide equivalent of a tax of \$41 per ton of CO<sub>2</sub> (2004\$) is needed before  
15 2050. This is the worldwide CO<sub>2</sub> cost adder to stabilize greenhouse gas concentrations in the  
16 atmosphere at a level that would reduce the danger of anthropogenic interference with the climate  
17 system to below 1 percent probability. This goal is from the UNFCCC. The U.S. remains a  
18 party to this treaty.

19 Although this range of cost adders from \$20 to \$50 per ton of CO<sub>2</sub> is higher than  
20 PacifiCorp's carbon-cost adder, the net increase in costs to utility customers is likely small and  
21 might be negative. Much of the reduction can be met by accelerated implementation of cost-  
22 effective energy efficiency. A study by Hal Nelson on the Oregon Carbon Allocation Task  
23 Force's proposed 2020 electric cap found that under a range of load forecasts:

24 *"estimates of the impacts of price changes on economic output. In the best case, the net*  
25 *present value of the program is approximately a \$350 million dollar boost to state output.*  
*In the worst case the program would decrease state output by \$200 million."*  
26 Page 10 of [http://www.oregon.gov/ENERGY/GBLWRM/docs/CATF\\_Report-](http://www.oregon.gov/ENERGY/GBLWRM/docs/CATF_Report-HalNelson-Final.pdf)  
[HalNelson-Final.pdf](http://www.oregon.gov/ENERGY/GBLWRM/docs/CATF_Report-HalNelson-Final.pdf)

1 The worst case represents about a 0.1 percent reduction in the forecast for Oregon  
2 personal income for 2013. (Personal income forecast at page 3 of  
3 <http://www.oregon.gov/DAS/OEA/docs/economic/appendixa.pdf>)

4 An alternative justification for PacifiCorp's hypothesis of a CO<sub>2</sub> adder below \$10 per ton  
5 through 2050 is a huge supply of low-cost CO<sub>2</sub> offsets or extra CO<sub>2</sub> allowances sold by the other  
6 emitting sectors. Although some of the early offsets have had low costs, these have been niche  
7 applications. Other than electricity generation, the other major worldwide sources of CO<sub>2</sub>  
8 emissions are transportation and stationary fossil fuel use. Neither sector shows the promise of  
9 lower cost reductions than the electric sector. (See ODOE opening comments in LC 39 on pages  
10 11 and 12 at <http://edocs.puc.state.or.us/efdocs/HAC/lc39hac14124.pdf>). A real cap on CO<sub>2</sub>  
11 emissions will require actual reductions from the U.S. electric sector, including PacifiCorp.

## 12 **Conclusion**

13 CO<sub>2</sub> cost adders for meeting the caps proposed by WCI states are likely larger than the  
14 base-case adder in PacifiCorp's 2007 IPR. The adders will not be so high as to create negative  
15 economic impacts that would preclude implementation of WCI state CO<sub>2</sub> reduction goals.

## 16 **PLANNED NEW COAL PLANTS AND LIKELY CO<sub>2</sub> CAPS**

17 State or federal regulations will likely require PacifiCorp reduce CO<sub>2</sub> emissions from its  
18 power plants in the early years of the planned life of its proposed new coal plants. The planned  
19 lifetime of these plants extends beyond 2050.

20 To meet the caps and required reductions, PacifiCorp will have to replace the output of  
21 existing coal-fired plants with low or zero CO<sub>2</sub> resources. About 95 percent of PacifiCorp's CO<sub>2</sub>  
22 emissions come from its coal plants.

23 In the near term the replacement resources would be energy efficiency measures and  
24 renewable resources projects beyond the level in the 2007 IRP. These would be supplemented  
25 by peak demand reduction programs and gas-fired plants. PacifiCorp has not demonstrated that  
26 the planned levels of these alternatives are optimal given the near term risks of CO<sub>2</sub> regulations

1 nor has it shown that the planned levels are all that can be obtained.

2 To add new coal fired plants would be inconsistent with a scenario of caps on PacifiCorp  
3 CO<sub>2</sub> emissions. As noted in ODOE's comments in LC 39

4 "for every MWh generated by a new coal plant, 0.17 MWh of old coal could also  
5 continue to operate under a CO<sub>2</sub> cap, but 0.83 MWh would have to retired directly as a  
6 result of the addition of a new coal plant." (at page 16 of  
<http://edocs.puc.state.or.us/efdocs/HAC/lc39hac14124.pdf>)

7 In a world of capped CO<sub>2</sub> emission more than 80 percent of the MW of capacity of new  
8 coal plants would be useless to meet PacifiCorp's increased electricity sales. New coal will not  
9 be helpful in meeting base-load needs. As a capital intensive resource, new coal plants would be  
10 a poor choice as peaking resource. New coal plants will likely be a wasted investment.

11 Nor are CO<sub>2</sub> regulations likely to give PacifiCorp free allowances to cover the emission  
12 of the new coal plants. Legislation regulating CO<sub>2</sub> or requiring more renewable resources will  
13 likely pass before the first coal plant comes on line in 2012.

14 As an example of the increased financial risk from new investments in coal plants, on  
15 September 18, 2007, a broad coalition of investors, state officials with regulatory and fiscal  
16 management responsibilities, and environmental groups today filed a petition asking the  
17 Securities and Exchange Commission (SEC) to require publicly-traded companies to assess and  
18 fully disclose their financial risks from climate change. The coalition also asked the  
19 Commission's Division of Corporation Finance to immediately begin "[c]losely scrutinizing the  
20 adequacy of registrants' climate disclosures" under existing law.

21 The 24 petitioners include leading institutional investors in the U.S. and Europe  
22 managing more than \$1.5 trillion in assets. The signers include the California State Treasurer  
23 Bill Lockyer, Florida Chief Financial Officer Alex Sink, Maine State Treasurer David G.  
24 Lemoine, New York State Comptroller Thomas P. DiNapoli, North Carolina State Treasurer  
25 Richard Moore and Oregon State Treasurer Randall Edwards, as well as New York State  
26 Attorney General Andrew M. Cuomo. ([http://www.ceres.org/news/news\\_item.php?nid=333](http://www.ceres.org/news/news_item.php?nid=333))

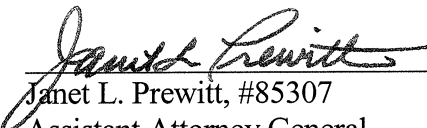
1           Given the likelihood of further CO<sub>2</sub> and renewable resource legislation, PacifiCorp's  
2 plans for new coal plants carry too high a risk for customers, bondholders and shareholders of  
3 PacifiCorp. Increased risks to bondholders and shareholders are often passed on to customers  
4 through higher borrowing costs. As a result, the commission should not acknowledge Action  
5 Items #8 and #9 in PacifiCorp's IRP.

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DATED this 19th day of September 2007.

Respectfully submitted,

HARDY MYERS  
Attorney General

  
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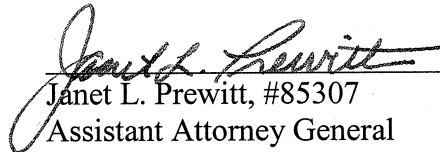
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CERTIFICATE OF SERVICE

I hereby certify that on the 19<sup>th</sup> day of September, 2007, I served the foregoing OREGON DEPARTMENT OF ENERGY'S INITIAL COMMENTS, electronically on the parties named on the attached service list and by hardcopy via First Class, U.S. Mail for those parties that have not waived paper service.

DATED: This 19<sup>th</sup> day of September, 2007.

  
Janet L. Prewitt, #85307  
Assistant Attorney General