



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

May 21, 2009

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97301-2551

Attention: Filing Center

Re: **Docket AR 518 – Phase III**
Comments of PacifiCorp

PacifiCorp, d.b.a. Pacific Power, hereby submits its Comments on Staff's proposed rules for Phase III in the above-referenced matter.

Questions on this filing may be directed to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Sincerely,

A handwritten signature in cursive script that reads "Andrea L. Kelly" followed by a stylized flourish.

Andrea L. Kelly
Vice President, Regulation

Enclosure

cc: AR 518 Service List

CERTIFICATE OF SERVICE

I certify that I have cause to be served the foregoing **PacifiCorp's Comments** in OPUC Docket No. AR 518 by electronic mail to the parties on the attached service list.

SERVICE LIST Docket No. AR 518

Sarah J. Adams Lien
Attorney
520 SW Sixth Ave – Ste 830
Portland, OR 97304
sarah@hoffmanangeli.com

Jim Deason
Attorney at Law
1 SW Columbia St., Suite 1600
Portland, OR 97258-2014
jimdeason@comcast.net

Michael T. Weirich
Assistant Attorney General
Department of Justice
1162 Court St NE
Salem, OR 97301-4096
Michael.weirich@doj.state.or.us

Ken Lewis
2980 NW Monte Vista Terrace
Portland, OR 97210
Kl05pdx@comcast.net

Paul Graham
Assistant Attorney General
Department of Justice
1162 Court St NE
Salem, OR 97301-4096
Paul.graham@state.or.us

Jason W. Jones
Assistant Attorney General
Department of Justice
1162 Court St NE
Salem, OR 97301-4096
Jason.w.jones@state.or.us

John Ledger
Associated Oregon Industries
1149 Court Street NE
Salem, OR 97301-4030
johnledger@aoi.org

Julie Brandis
Associated Oregon Industries
1149 Court Street NE
Salem, OR 97301-4030
Retail_energy@aoi.org

Noah Eckert
BP Solar International Inc.
1 Harbor Ctr, Ste 290
Suisun City, CA 94585-2427
Noah.eckert@bp.com

Thomas M. Grim (W)
Cable Huston Benedict et al
1001 SW Fifth Ave, Ste 2000
Portland, OR 97204-1136
tgrim@cablehuston.com

Lindsay Kandra (W)
Cable Huston Benedict Haagensen &
Lloyd
1001 SW Fifth Ave, Ste 2000
Portland, OR 97204-1136
lkandra@cablehuston.com

Cheryl Lee (W)
California PUC
cnl@cpuc.ca.gov

Katherine McDowell (W)
McDowell & Rackner PC
520 SW 6th Ave Ste 830
Portland, OR 97204
katherine@mcd-law.com

Amie Jamieson (W)
McDowell & Rackner PC
520 SW 6th Ave Ste 830
Portland, OR 97204
amie@mcd-law.com

G. Catriona McCracken
Citizen's Utility Board of Oregon
610 SW Broadway – Ste 308
Portland, OR 97205
catriona@oregoncub.org

Marni Zollinger (W)
COB Creations, LLC
marnizollinger@cobcreations.com

Jesse E. Cowell
Davison Van Cleve
333 SW Taylor, Suite 400
Portland, OR 97204
jec@dvclaw.com

Ann L. Fisher
AF Legal & Consulting Services
PO Box 25302
Portland, OR 97298-0302
energlaw@aol.com

Ryan Flynn
PacifiCorp
825 NE Multnomah Ste 1800
Portland, OR 97232
ryan.flynn@pacificorp.com

Scott Bolton
PacifiCorp
825 NE Multnomah Ste 2000
Portland, OR 97232
Scott.bolton@pacificorp.com

Lisa F. Rackner (W)
McDowell & Rackner PC
520 SW 6th Ave Ste 830
Portland, OR 97204
lisa@mcd-law.com

Tom Barrows
Central Lincoln PUD
tbarrows@aol.com

Robert Jenks
Citizen's Utility Board of Oregon
610 SW Broadway – Ste 308
Portland, OR 97205
bob@oregoncub.org

Melinda Davison
Davison Van Cleve
333 SW Taylor, Suite 400
Portland, OR 97204
mail@dvclaw.com

Laura K. Bonnichsen
Constellation Energy Commodities Group
111 Market Pl, Ste 500
Baltimore, MD 21202
Laura.bonnichsen@constellation.com

Daniel W. Meek
Daniel W. Meek Attorney at Law
10949 SW 4th Ave
Portland, OR 97219
dan@meek.net

Oregon Dockets
PacifiCorp
825 NE Multnomah Ste 2000
Portland, OR 97232
oregondockets@pacificorp.com

BJ Moghadam (W)
Pacific Power & Light
825 NE Multnomah Ste 2000
Portland, OR 97232
Bj.moghadam@pacificorp.com

Joelle Steward (W)
Pacific Power & Light
825 NE Multnomah Ste 2000
Portland, OR 97232
Joelle.steward@pacificorp.com

Paul M. Wrigley (W)
Pacific Power & Light
825 NE Multnomah Ste 2000
Portland, OR 97232
Paul.wrigley@pacificorp.com

Dennis J. Maurer
Department of Revenue
Dennis.j.maurer@state.or.us

Brad Ouderkirk
ECOS
309 SW 6th Ave #1000
Portland, OR 97204
bouderkirk@ecosconsulting.com

Eric Winter (W)
Element Markets LLC
3555 Timmons Ln, Ste 900
Houston, TX 77027
ewinter@elementmarkets.com

Kelly Francone
Energy Strategies
215 South State Street, Ste 200
Salt Lake City, UT 84111
kfrancone@energystrat.com

John M. Volkman
Energy Trust of Oregon
851 SW Sixth Ave Suite 1200
Portland, OR 97204
John.volkman@energytrust.org

Peter West
Energy Trust of Oregon
851 SW Sixth Ave Suite 1200
Portland, OR 97204
peter@energytrust.org

Jeremiah Baumann
Environment Oregon
1536 SE 11th Ave
Portland, OR 97214
jeremiah@environmentoregon.org

John W. Stephens
Esler Stephens & Buckley
888 SW Fifth Ave Suite 700
Portland, OR 97204-2021
stephens@eslerstephens.com

Susan Richter
Fortis Properties
139 Water St. Ste 1201
St. Johns NL A1B 3T2
srichter@fortisproperties.com

Linda K. Williams
Kafoury & McDougal
10266 SW Lancaster rd
Portland, OR 97219-6305
Linda@lindawilliams.net

Kevin Lynch
Iberdrola Renewables, Inc.
1125 NW Couch St, Ste 700
Portland, OR 97209
Kevin.lynch@iberdrolausa.com

Louann Westerfield
Idaho PUC
472 W Washington Street
Boise, ID 83720
Louann.westerfield@puc.idaho.gov

Michael Early
ICNU
333 SW Taylor, Ste 400
Portland, OR 97204
mearly@icnu.org

Jim Anderson
JD Anderson Associates
910 Sahalee Ct. SE
Salem, OR 97306
lobbyoregon@comcast.net

Sara Eddie
Conservation Services Group
1400 SW Fifth Ave, Ste 830
Portland, OR 97201

Rebecca T. Brown
Portland General Electric Company
121 SW Salmon St 1WTC07
Portland, OR 97204
rebecca.brown@pgn.com

Doug Kuns
Portland General Electric Company
121 SW Salmon St 1 WTC 111
Portland, OR 97204
doug.kuns@pgn.com

Brendan McCarthy
Portland General Electric Company
121 SW Salmon St 1 WTC 0301
Portland, OR 97204
Brenda.mccarthy@pgn.com

Dave Robertson
Portland General Electric Company
121 SW Salmon St
Portland, OR 97204
Dave.robertson@pgn.com

Douglas C. Tingey
Portland General Electric Company
121 SW Salmon St 1 WTC 13
Portland, OR 97204
Doug.tingey@pgn.com

Rick Gilliam (W)
SunEdison
590 Redstone Dr.
Broomfield, CO 80020
rgilliam@sunedison.com

Andrea Fogue
League of Oregon Cities
PO Box 928
1201 Court St. NE, Suite 200
Salem, OR 97308
afogue@orcities.org

Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon St 1WTC0702
Portland, OR 97204
Pge.opuc.filings@pgn.com

Randall Dahlgren
Portland General Electric Company
121 SW Salmon St 1WTC0702
Portland, OR 97204
pge.opuc.filings@pgn.com

Raul Madarang
Portland General Electric Company
121 SW Salmon St
Portland, OR 97204
Raul.madarang@pgn.com

Damon S. McCauley
Portland General Electric
Damon.mccauley@pgn.com

Bob Tamlyn
Portland General Electric Company
121 SW Salmon St
Portland, OR 97204
Bob.tamlyn@pgn.com

Jay Tinker
Portland General Electric Company
121 SW Salmon St 1 WTC 0702
Portland, OR 97204
Jay.tinker@pgn.com

Joe Henri (W)
SunEdison
5013 Roberts Ave Suite B
McClellan, CA 95652
jhenri@sunedison.com

Kathryn Van Natta
NW Pulp & Paper Assn
2191 SW Oak Crest Dr
Hillsboro, OR 97123
Kathryvn@nwpulpandpaper.org

Oregon Dept of Energy
Sven Anderson (W)
625 Marion St
Salem, OR 97301
Sven.anderson@state.or.us

Oregon Dept of Energy
Diana Enright (W)
625 Marion St
Salem, OR 97301
diana.enright@state.or.us

Ausey H. Robnett III
Paine Hamblen Coffin Brooke & Miller
PO Box E
Coeur D'Alene, ID 83816-0328
Ausey.robnett@painehamblen.com

Aubrey Baldwin (W)
Pacific Environmental Advocacy Center
10015 SW Terwilliger Blvd
Portland, OR 97219
abaldwin@lclark.edu

Brian Moghadam
Powerex Corp
666 Burrard Ste 1440
Vancouver BC V6C2X8
Brian.moghadam@powerex.com

Judy Johnson
Oregon PUC
PO Box 2148
Salem, OR 97308-2148
Judy.johnson@state.or.us

Philip H. Carver
Oregon PUC
PO Box 2148
Salem, OR 97308-2148
Philip.carver@state.or.us

Ann English Gravatt
Renewable Northwest Project
917 SW Oak – Suite 303
Portland, OR 97205
ann@rnp.org

Oregon Dept of Energy
Bill Drumheller (W)
625 Marion St
Salem, OR 97301
bill.drumheller@state.or.us

Oregon Dept of Energy
Kip Pheil (W)
625 Marion St -- Ste 1
Salem, OR 97301
kip.pheil@state.or.us

Benjamin Walters
City of Portland
1221 SW 4th Ave, Rm 430
Portland, OR 97204
bwalters@ci.portland.or.us

David Tooze
Portland City of Energy Office
721 NW 9th Ave, Suite 350
Portland, OR 97209-3447
dtooze@ci.portland.or.us

Mark Nelson
Public Affairs Counsel
PO Box 12945
Salem, OR 97309
pacounsel@pacounsel.org

Ed Busch
Oregon PUC
PO Box 2148
Salem, OR 97308-2148
ed.busch@state.or.us

Melissa Farmer
Stateside Associates
2300 Clarendon Blvd. 4th Floor
Arlington, VA 22201
mpf@stateside.com

Katie Kalinowski
Renewable Northwest Project
917 SW Oak – Suite 303
Portland, OR 97205
katie@rnp.org

Suzanne Leta Liou
Renewable Northwest Project
917 SW Oak – Suite 303
Portland, OR 97205
suzanne@rnp.org

Thomas Corr (W)
Sempra Energy
101 Ash Street – MS HQ 08 C
San Diego, CA 92101
tcorr@sempra.com

Greg Bass (W)
Sempra Energy Solutions LLC
401 West A Street, Suite 500
San Diego, CA 92101
gbass@semprasolutions.com

Senator Rick Metsger
State Capitol
900 Court St NE S-307
Salem, OR 97301
Sen.rickmetsger@state.or.us

Marcus A. Wood
Stoel Rives LLP
900 SW Fifth Ave – Ste 2600
Portland, OR 97204

Alan Meyer
Weyerhaeuser Company
698 12th Street – Ste 220
Salem, OR 97301-4010
Alan.meyer@weyerhaeuser.com

Wayne Hart (W)
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720
Wayne.art@puc.idaho.gov

David Fife
Seattle Northwest Securities Group
1420 Fifth Ave Ste 4300
Seattle, WA 98101
dfife@snwsc.com

Theodore E. Roberts (W)
Sempra Energy
101 Ash Street – MS HQ 08 C
San Diego, CA 92101
troberts@sempra.com

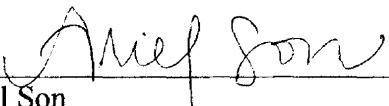
Alvin Pak (W)
Sempra Energy Solutions LLC
401 West A Street, Suite 500
San Diego, CA 92101
apak@semprasolutions.com

Senator Vicki L. Walker
State Capitol
900 Court St NE S-210
Salem, OR 97301
Sen.vickiwalker@state.or.us

Jeff Deyette
Union of Concerned Scientists
Two Brattle Sq
Cambridge, MA 02238
jdeyette@ucsusa.org

John Ryan
Weyerhaeuser Company
33663 Weyerhaeuser Way South, CH
1K32
Federal Way, WA 98003
john.ryan2@weyerhaeuser.com

Dated this 21st day of May, 2009



Ariel Son
Coordinator, Administrative Services

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 518 – Phase III

In the Matter of a Rulemaking to
Implement SB 838 Relating to Renewable
Portfolio Standard

COMMENTS OF PACIFICORP

PacifiCorp d/b/a Pacific Power (the “Company”) submits the following comments regarding the Public Utility Commission of Oregon (the “Commission”) Staff’s proposed rules to implement Phase III of the proceeding to implement the Oregon Renewable Energy Act (the “Act”) for electric companies and electricity service suppliers. Phase III addresses six proposed rules relating to: incremental costs (OAR 860-083-0100), revenue requirements (OAR 860-083-0200), compliance standards (OAR 860-083-0300), compliance reports (OAR 860-083-0350), implementation plans (OAR 860-083-0400), and alternative compliance payments (OAR 860-083-0500).¹ A formal hearing was convened by the Commission to consider the proposed rules on May 18, 2009 (the “May 18 Hearing”).

The Company appreciates the comprehensive and challenging effort undertaken by Staff and other interested parties in this proceeding. Developing the proposed rules was a substantial undertaking and the Company commends Staff for its willingness to consider and, in many instances, incorporate comments and proposals of all participants. The proposed rules are complex and the concepts and calculations they incorporate are

¹ In addition, definitions are added at OAR 860-083-0010.

novel. PacifiCorp appreciates the opportunity to submit the following comments on the proposed rules.

I. DISCUSSION

A. Staff Should Work With Interested Parties to Avoid Duplication of Existing Integrated Resource Planning and Avoided Cost Processes and Develop Standardized Compliance Filing Formats

The proposed rules generally acknowledge an objective of avoiding duplicative or unnecessary requirements as relating to the Company's Integrated Resource Planning ("IRP") and avoided cost processes, especially in the context of calculating incremental costs. *See* OAR 860-083-0100(1)(a), (6), (7), and (8); OAR 860-083-0400(4) and (5). The incorporation of the analytical work currently employed by the Company as part of its IRP and avoided cost filings is essential to implementing the proposed rules in an efficient and cost-effective manner. The Company appreciates Staff's commitment to limiting duplication and excessive reporting obligations as the Company focuses on complying with the Act.

As suggested in proposed rules OAR 860-083-0350(3) and -0400(3) and at the May 18 Hearing, the Company is also encouraged by Staff's willingness to work with interested parties to develop standard formats and practices relating to reporting obligations. The complexity of the subject matter incorporated in the proposed rules calls for a commitment among interested parties to develop standard compliance formats to minimize the cost of compliance to the greatest extent possible, and further benefit customers. Standardized filing formats will also provide an efficient and effective means for the Commission to review and acknowledge various regulatory filings required by the Act by providing routine and familiar submissions on the part of regulated entities.

Meaningful cooperation has been achieved among interested parties in other similar contexts, including the creation of tax reporting templates to facilitate the implementation of SB 408. Ultimately, standard reporting formats have the potential to become routine, long-term solutions that benefit reporting entities, the Commission and customers. The Company looks forward to working with Staff and other interested parties in developing compliance methods to avoid duplication and develop standard formats to streamline the compliance process for all parties.

B. The Company Supports Staff's Clarification of Requirements Associated with the Disclosure and Use of Bundled REC Sales

The Company appreciates Staff's reconsideration of the requirement that the Commission approve the sale of bundled RECs. In its place, Staff has included a requirement that the Company provide sufficient documentation or a citation to explain how its implementation plan appropriately balances risks and expected costs as required by the integrated resource planning guidelines in 1.b. and c. of Commission Order No. 07-047 and subsequent guidelines related to implementation plans set forth by the Commission, including whether the Company plans to sell any bundled RECs that are included in the rates of Oregon retail electricity consumers. Proposed OAR 860-083-0400(5)(c). Staff's Comments clarify that an electric company would have to explain how the future sale of bundled RECs would appropriately balance cost and risk as required by the IRP Guidelines. Staff Comments at 11.

The Company supports Staff's proposed change consistent with Staff's clarification and the clarifying changes offered by Portland General Electric to identify the precise IRP Guidelines that will be applied to implementation plans in the specific circumstances described by the proposed rules. PacifiCorp notes, however, that the IRP

and IRP Guidelines do not specifically address or call for the disclosure of REC sales. Accordingly, the Company does not interpret Staff's position to establish a new IRP Guideline by virtue of this rulemaking, rather only that the existing IRP Guidelines (e.g. 1.b and c) relating to the appropriate balance of costs and risks should be used as the relevant standard for the sale of bundled RECs. In this context, the Company also interprets the disclosure requirement to apply only to qualifying bundled RECs, and those RECs acquired after January 1, 2007, which is consistent with the definition of bundled RECs included in the proposed rules.

The Company also supports Staff's position on the chronological use of bundled RECs. *See* Proposed OAR 860-083-0300(3)(b)(C). The Company's sole substantive concern relates to whether this requirement is capable of being implemented through the current regional renewable energy certificate system and trading system, also known as the Western Renewable Energy Generation Information System ("WREGIS"). During the May 18 Hearing, the Company, Staff and staff for the Oregon Department of Energy discussed the capabilities and limitations of WREGIS in this regard and it was determined that WREGIS can track the acquisition of bundled RECs on a monthly basis. As noted in Staff's Reply Comments, the Company supports Staff's clarification that the "rule intends monthly chronological order" with regard to bundled RECs. Staff Reply Comments at 5. The Company is willing to work with Staff and other interested parties to ensure that WREGIS can effectively implement the Oregon law.

C. Staff Should Eliminate the Definition of "To use a renewable energy certificate" from the Proposed Rules

The Company strongly opposes Staff's inclusion of remove the definition for "to use a renewable energy certificate" in the proposed rules. OAR 860-083-0010(41). The

above-referenced definition is the subject of a separate ongoing proceeding, Phase II, which relates to the use of renewable energy certificates for compliance with the Act and retail disclosure requirements under OAR 860-038-0300. The subject matter of Phase II, including the proposed definition, was the subject of extensive discussion and comment at a separate hearing convened in January 2009, in which the Company was an active participant. To date, no final determinations or decisions have been rendered with regard to Phase II and, accordingly, it is premature and inappropriate to include the proposed definition as part of this phase.

The proposed definition attempts to create a new “use” of RECs by virtue of the inclusion of a REC as part of power source disclosure reporting. As previously stated by the Company in the Phase II proceeding, Staff’s proposed definition is not provided for in the Act, is not within Staff’s authority to adopt, and is contrary to the intent of the Act by introducing a new “use,” and associated limitation, for RECs in the context of RPS compliance. The Act simply does not authorize the Commission to determine what constitutes a “use,” or to otherwise limit the use of RECs in the context of RPS compliance, much less in the context of power source disclosure requirements. For reference, the Company’s comments filed in this docket on January 12, 2009.

D. The Company Appreciates Staff’s Acknowledgement of the Confidential Nature of the Information to be Included in Reporting Obligations Under the Proposed Rules.


Throughout the proposed rules, Staff has incorporated clarifying language stating that only public portions of the Company’s reporting obligations, including compliance reports and implementation plans, must be made available for review. *See* Proposed OAR 860-083-0350(6) and OAR 860-083-0400(9)(a) and (b). The Company appreciates

Staff's consideration and acknowledgment as to the competitive, proprietary, and confidential nature of the information to be disclosed as part of the Company's ongoing compliance reports and implementation plans, among other things. In this context, the Company looks forward to working with Staff and other interested parties to effectuate the proposed rules.

II. CONCLUSION

The Company appreciates the opportunity to provide these comments and respectfully requests that the Commission adopt the proposed rules subject to these comments. The proposed rules represent a complex and novel approach to compliance with the Act. The Company looks forward to working with Staff and other interested parties to implement the proposed rules in a cost-effective and efficient manner.

Dated at Portland, Oregon, this 21st day of May, 2009.


Andrea L. Kelly
Vice President, Regulation