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January 29, 2010

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: UM 1355

Attention Filing Center:

Enclosed for filing in UM 1355 are an original and one copy of:

- **PORTLAND GENERAL ELECTRIC COMPANY'S MOTION TO FILE ADDITIONAL TESTIMONY**

This document is being filed by electronic mail with the Filing Center. An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

This document is being served upon the UM 1355 service list.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "D. C. Tingey", written in a cursive style.

Douglas C. Tingey
Assistant General Counsel

DCT:jbf
Enclosures
cc: Service List-UM 1355

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **PORTLAND GENERAL ELECTRIC COMPANY'S MOTION TO FILE ADDITIONAL TESTIMONY** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. 1355

Dated at Portland, Oregon, this 29th day of January 2010.



DOUGLAS C. TINGEY

SERVICE LIST

OPUC DOCKET # UM 1355

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1355**

In the Matter of:)	
)	PORTLAND GENERAL ELECTRIC
PUBLIC UTILITY COMMISSION OF)	COMPANY'S MOTION TO FILE
OREGON,)	ADDITIONAL TESTIMONY
)	
Investigation Into Forecasting Forced Outage)	
Rates For Electric Generating Units)	

Pursuant to the Commission's Ruling issued January 22, 2010, in this docket, Portland General Electric Company ("PGE") moves to file additional testimony with respect to issues that have arisen subsequent to its last round of testimony.

PROCEDURAL HISTORY

In accordance with the schedule adopted in this docket, all parties filed two simultaneous rounds of testimony, one on April 7, 2009, and the other on May 13, 2009. A hearing was originally scheduled for May 28, 2009, but was cancelled by the Commission, and a workshop/issues presentation was scheduled for that same date. At the time of the workshop, and as shown by the testimony filed up to that time, the parties had diverse views regarding the issues in this docket. The Commissioners participated in that workshop and asked questions of many of the witnesses. The Commissioners also encouraged the parties to attempt settlement of issues in this docket. PGE and other IOU's held settlement conferences with the other parties and, in PGE's case, settled all issues in the docket.

A further prehearing conference was held on June 29, 2009. On July 6, 2009, the ALJ issued a prehearing conference report allowing PGE, PacifiCorp, and Idaho Power to file supplemental testimony on July 23, 2009, and Staff, CUB, and ICNU to file responsive testimony on August 13, 2009. The only limitation in the prehearing conference report regarding the

supplemental testimony was that it be no longer than 75 pages in length exclusive of exhibits.

The schedule also set a hearing for August 21, 2009, with briefing scheduled thereafter.

PacifiCorp requested and was granted a one-day extension of time to file their supplemental testimony, and filed that testimony on July 24, 2009. On August 13, Staff and ICNU filed responsive testimony. PGE did not file supplemental testimony because it had, by that time, entered into an agreement in principle with the other parties (Staff, CUB and ICNU), on settlement of all issues in this docket. The Stipulation between PGE, Staff, CUB, and ICNU that settled all issues was filed with the Commission on August 19, 2009. Six specific issues were addressed in the Stipulation. There were further procedural actions regarding the scheduled hearing and the admission of data request responses into the record that did not involve PGE.¹ Staff, CUB, ICNU, and PacifiCorp also each filed two rounds of briefs in this docket in September 2009. Again, because PGE had reached and submitted a Stipulation settling all issues, PGE did not file briefs, and other parties did not address any PGE issues in their briefs.

On October 6, 2009, the Commission issued its Notice of Intent to Modify Stipulations and Establish Rate Calculations. The notice indicated that the Commission intended to make a significant modification to PGE's Stipulation (and the Idaho Power and PacifiCorp stipulations as well) regarding the "forced outage rate collar" for coal-fired plants. The notice gave PGE and the other parties to the respective stipulations notice of their ability to exercise their rights under the stipulations and Commission rules. On October 19, 2009, PGE filed a response indicating that it continued to support the Stipulation as a reasonable resolution to the matters in this docket, but if the Commission would not adopt the Stipulation as submitted, then PGE must:

¹ Idaho Power has a similar procedural history in this docket. It also filed a Stipulation settling all issues and did not submit supplemental testimony.

(1) exercise its rights under paragraph 7 of the Stipulation and withdraw from the Stipulation, and (2) assert its rights under OAR 860-014-0085(6) and request “sufficient opportunity on the record to present evidence and argument on the matters contained in the settlement or stipulation.”

On December 7, 2009, the Commission issued a further Order in this docket, Order 09-479, which clarified portions of the Commission’s earlier notice and established procedures for addressing issues in this docket. That order divided the issues into two groups: Other PGE and Idaho Power Stipulation Issues, and Coal and Imprudence Issues. As to the other stipulation issues, the order states: “we want to ensure that PGE and Idaho Power have the opportunity to file reply testimony and cross-examine witnesses on these other stipulated issues if they so choose.” *Order 09-479*, p. 4. Regarding coal and imprudence issues, the order directs that “parties may file additional testimony and cross-examine witnesses on issues related to the FOR collar for coal plants outlined in the Notice, to the extent they can show there are new facts that are in dispute.” *Id.*

A prehearing conference was held on January 7, 2010, to address scheduling in this docket. The ALJ’s January 22, 2010, Ruling, being responded to herein, followed.

ADDITIONAL PGE TESTIMONY

Where does this leave PGE procedurally? As Order 09-479 recognized, because PGE had settled all issues, PGE did not file supplemental testimony after the May 28, 2009, workshop/issue presentation or cross-examine witnesses. PGE requested, and hereby again requests, the opportunity to do so in order to address matters discussed at the workshop. There should be no additional limits on this testimony beyond those contained in the Commission’s July 6, 2009, Prehearing Conference Report. While such testimony could, potentially, address all of the stipulated issues, we do not anticipate doing so. PGE desires to engage Staff, CUB, and

ICNU, in additional settlement discussions that could again lead to settlement on many of the stipulated issues such that they would not need to be addressed in this testimony. Even if settlement cannot be reached, the existing testimony is adequate for most issues. However, it is likely that settlement will not be reached and testimony is necessary regarding issues surrounding the use of NERC data to form a collar mechanism, the appropriateness of using the 90th and 10th percentiles including statistical analysis of the data, Staff's analysis in determining those bands, the bias introduced into forced outage rate projections from the use of such a collar, and the potential financial impact on PGE of a collar. These are the issues that PacifiCorp was able to address in its supplemental testimony.

PGE has also not had the opportunity, in testimony or cross-examination, to discuss the proposal offered by ICNU in its final round of testimony to use a 20-year average of the plant as the substitute outage rate in years when the collar is triggered.² PGE is working with PacifiCorp and ICNU to obtain the spreadsheets and analysis used by ICNU witness Falkenberg. That analysis used PacifiCorp proprietary confidential coal plant data. PGE, PacifiCorp, and ICNU are in the process of determining how PGE can be provided the analysis in a form that PGE can examine and address in testimony without the disclosure to PGE of PacifiCorp confidential data. PGE expects that to be resolved soon.

It appears that the Commission's proposal to use a life-of-the-plant average as the replacement in years when the collar is triggered is based to a large extent on the testimony of ICNU witness Mr. Falkenberg. Mr. Falkenberg's testimony asserts that his proposed procedure performs best under a mean square error criterion. *Supplemental Reply Testimony of R.*

² In its response to the Commission's notice regarding the stipulations in this docket, PGE addressed a number of potential problems with the use of a life of the plant average in years when the collar is triggered. As discussed briefly herein, those same problems exist regarding use of 20 years of plant data.

Falkenberg, ICNU/300, p. 11. When PGE has access to Mr. Falkenberg's analysis and data, PGE will then be able to confirm or refute the validity of Mr. Falkenberg's analysis, and address that analysis in testimony. PGE will also address the appropriateness of the limited set of data used by Mr. Falkenberg. Since none of the data used by Mr. Falkenberg was from PGE's Boardman plant, PGE's testimony will need to address that as well. Mr. Falkenberg's testimony also does not discuss the potential bias in his proposed method, and that will be addressed in PGE's testimony. PGE does not agree that minimizing mean square error is more important than ensuring an unbiased forecast, and that will also be addressed in its testimony.

In addition to this discussion of the statistical and methodological appropriateness of ICNU's analysis and its application to PGE plants, PGE's testimony will also address the availability, or lack thereof, of data for PGE plants that would be appropriate for this analysis, and the changes made to PGE's Boardman plant and operations over time, and anticipated, that would affect the validity of using distant historical data. PGE will also directly address the potential financial impact on PGE of this proposal, and the bias introduced in projections using the substitution of an average in years when the collar is triggered. This proposal has not been addressed in any testimony other than ICNU's last round of testimony, and further analysis and a record are necessary in this docket.

The same problems arise with using the substitution of a life-of-the-plant average as with using a 20-year average – and some of the problems may even be more severe using a life-of-the-plant average with a plant like Boardman. A fully developed record should be made on this proposal as well, including statistical analysis, PGE's ability, or inability, to perform such analysis, biases introduced by such methodology, the effect on forced outage rate projections for

PGE plants, and the potential financial impact on PGE. PGE will address these issues in its testimony.

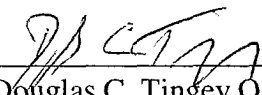
CONCLUSION

PGE should be allowed to submit supplemental testimony to the same extent other parties were allowed, and PGE would have submitted, if it had not entered into a settlement with all parties. In addition, PGE should be allowed to address claims and proposals that were raised after it entered the Stipulation. These were not directed at PGE at the time, but now may be. PGE did not have the opportunity to address these in testimony, or by cross-examination of witnesses. PGE had settled all issues with all parties and therefore was not a participant in these last rounds of testimony, hearing and briefs.

As a more general matter, further testimony is necessary in any event. The record in this docket is not sufficient as it now exists for the adoption of either the ICNU proposal or the approach incorporated in the Commission's notice. The issues in this docket are substantial and impact ratemaking projections for PGE every year. Other utilities are similarly impacted. Testimony should not be limited or denied; the Commission should be provided with a full and complete record on which to decide these issues.

PGE's request to submit additional testimony should be granted.

DATED this 29th day of January, 2010.



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