

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1355

In the Matter of)	
)	
THE PUBLIC UTILITY COMMISSION)	SECOND REPLY BRIEF OF THE
OF OREGON)	CITIZENS' UTILITY BOARD OF
)	OREGON
Investigation into Forecasting Forced)	
Outage Rates for Electric Generating Units.)	
_____)	

The Citizens' Utility Board of Oregon (CUB) hereby files its Second Reply Brief in the above entitled matter.

INTRODUCTION

CUB submits this Second Reply Brief in response to the September 2010 Second Opening Briefs submitted in Phase IV of this docket. In this Reply Brief CUB seeks to reiterate its support of either a) an order upholding the Stipulations into which CUB has previously entered with the other parties (with application of the Commission modified formula to PacifiCorp's partial stipulation which did not contain a forced outage rate stipulated formula) or, b) application of the Commission's modified formula as proposed in Order No. 09-479 to PGE and PacifiCorp and adoption of the second Stipulation entered into between Staff, CUB and Idaho Power for Idaho Power. CUB approaches this docket in this manner because CUB believes that the results generated by application of the Stipulation formulas or by application of the Commission's modified formula will both produce rates that are "just and reasonable". But CUB once again reiterates its

position that the unique circumstances surrounding Idaho Power justify the use only of the methodology set forth in the second Idaho Power Company Stipulation.

ARGUMENT

I. The modified formula, as put forth in Order No. 09—479, is satisfactory for both PGE and PacifiCorp.

CUB noted in its opening brief that, in PacifiCorp’s case, no forced outage rate formula was agreed to in the Stipulation, therefore making it appropriate for the Commission to insert its own formula.¹ Moreover, PacificCorp, in its Opening Brief, acknowledges that the Commission’s modified formula collar mechanism, established in Order No. 09-479, is “the most workable option” for the Company if the Commission decides to adopt a uniform methodology for excluding extreme outages.² Accordingly, support for the adoption of the Commission’s modified formula has grown.

With regard to PGE, it remains the case that PGE continues to support the old four year rolling average and has failed to articulate persuasive arguments disfavoring either the Stipulation into which it entered or the Commission modified formula. PGE, in its Opening Brief, suggests that the various alternative methodologies proposed are “more complex, more likely to lead to wasteful disputes, and offer no improvement in forecasting performance.”³ PGE then devotes the bulk of its brief to challenging specific modifications to the methodology proposed by ICNU.⁴ But PGE does go on to state, somewhat begrudgingly, that it would still support the Stipulation into which it entered.⁵

¹ CUB Opening Brief at 4.

² PacifiCorp Opening Brief at 2 lines 7-15.

³ PGE Opening Brief at 2.

⁴ *See generally*, PGE Opening Brief 4-10.

⁵ Portland General Electric Company’s Opening Brief at 4.

CUB respectfully recommends that the Commission adopt the Stipulations entered into by the parties, but CUB does not object to the Commission choosing to use its own modified formula for PacifiCorp and PGE.

II. The Commission's modified formula remains unsatisfactory in regard to Idaho Power.

As noted in CUB's Opening Brief, the Commission's modified formula does not fully account for unique physical and operational conditions for Idaho Power's generating fleet, which suggests that lengthy historical averages may not be the most accurately predictive of future outage rates.⁶ The Commission's proposed use of a 10-year rolling average as the replacement value for an identified outlier, rather than longer-term historical averages, appears to mitigate the problem somewhat. However, with respect to Idaho Power's lack of access to operational data for those plants which it owns but does not operate, this modification offers little relief. Additionally, it remains the case that the parties have had only one hearing at which to consider the implications of this final revision of the model proposed by Staff. Accordingly, CUB recommends against adoption of Staff's final proposed revision. CUB respectfully recommends that the Commission adopt the Stipulation entered into by the parties CUB, Staff and Idaho Power Company.

III. Conclusion.

CUB continues to believe that the existing stipulations with PGE and Idaho Power provide a reasonable measure of FORs, but CUB would, in PGE's case, also accept application of the Commission's modified formula, laid out in Order No. 09-479. CUB believes that in PGE's case both Stipulated formula and the Commission modified

⁶ CUB Opening Brief at 5.

formula provide sufficient basis for resolution of all unresolved issues in this docket. CUB also believes that in PacifiCorp's case application of the Commission modified formula is a reasonable resolution to a previously unresolved problem. CUB applauds PacifiCorp for its recognition that the Commission modified formula "is now the most well developed proposal, PacifiCorp can implement this proposal. . . ." ⁷ CUB also applauds PGE for its acceptance that if the Commission does not adopt the Stipulations, the next best way forward is adoption of the Commission's modified formula. ⁸ Even Staff "finds no compelling reason why the Commission should not impose its proposed Collar." ⁹

As for Idaho Power, CUB believes that the second stipulation between CUB, Staff and Idaho Power should guide the Commission in this area.

In sum, CUB believes that regardless of whether the Commission adopts its own modified formula, as expressed in Order No. 09-479, as a uniform formula for PGE and PacifiCorp, or accepts the Stipulation entered into by PGE, the result will be an improvement over the prior formula for calculation of forced outage rates by each company. CUB, however, continues to believe that adoption of the second Stipulation entered into by CUB, Staff and Idaho Power would be a better fit for Idaho Power.

⁷ PacifiCorp Opening Brief at 7 lines 16-19.

⁸ Portland General Electric Company's Opening Brief at 11-12.

⁹ Staff's Opening Brief at 2 lines 2-4.

Above all else, CUB's believes that it is time for the Commission to select an appropriate method for each company and to move on to implementation.

DATED this 16th day of September, 2010.

Respectfully Submitted,

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

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UM 1355 – CERTIFICATE OF SERVICE

I hereby certify that, on this 16th day of September, 2010, I served the foregoing **SECOND REPLY BRIEF OF THE CITIZENS' UTILITY BOARD OF OREGON**, in docket UM 1355 upon each party listed in the UM 1355 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending an original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

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