



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

October 20, 2011

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

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

Attn: Filing Center

RE: UM 1415 – Closing Comments of Pacific Power

PacifiCorp d/b/a Pacific Power (“Company”) encloses for filing its Closing Comments in the above-referenced proceeding. As indicated on the attached service list, a copy of this filing is being served to all parties on the service list.

Please contact Joelle Steward, Regulatory Manager, at (503) 813-5542, for questions on this matter.

Sincerely,

Andrea L. Kelly
Vice President, Regulation

Enclosure

cc: Service List – UM 1415

CERTIFICATE OF SERVICE

I hereby certify that on October 20, 2011, I caused to be served, via E-Mail and/or US Mail (to those parties who have not waived paper service), a true and correct copy of the foregoing document on the following named person(s) at his or her last-known address(es) indicated below.

Service List Docket No. UM-1415

Kurt J. Boehm (W) (C)
Boehm Kurtz & Lowry
36 E. Seventh St., Suite 1510
Cincinnati OH 45202
kboehm@bkllawfirm.com

Michael L. Kurtz (W) (C)
Boehm Kurtz & Lowry
36 E. Seventh St., Suite 1510
Cincinnati OH 45202
mkurtz@bkllawfirm.com

OPUC Dockets
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland, OR 97205
dockets@oregoncub.org

G. Catriona McCracken (C)
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland, OR 97205
catriona@oregoncub.org

Jess Kincaid (W)
Community Action Partnership of Oregon
P.O. Box 7964
Salem, OR 97301
jess@caporegon.org

Barbara R. Alexander (W) (C)
Consumer Affairs Consultant
83 Wedgewood Dr.
Winthrop ME 04364
barbalex@ctel.net

S. Bradley Van Cleve (W) (C)
Davison Van Cleve PC
333 SW Taylor, Suite 400
Portland, OR 97204
mail@dvclaw.com

Alana Chavez-Langdon (W)
Ecotality, Inc.
4 Embarcadero Center, Suite 3720
San Francisco, CA 94111
achevez@ecotality.com

Nona Soltero (W)
Fred Meyer Stores/Kroger
3800 SE 22nd Ave.
Portland, OR 97202
Nona.soltero@fredmeyer.com

Christa Bearry (W)
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
cbearry@idahopower.com

Rex Blackburn (W)
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
rblackburn@idahopower.com

Jeannette C. Bowman (W)
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
jbowman@idahopower.com

Tim Tatum (W) (C)
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
ttatum@idahopower.com

Michael Youngblood (W)
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
myoungblood@idahopower.com

Wendy McIndoo (W) (C)
McDowell & Rackner PC
520 SW 6th Ave Ste 830
Portland, OR 97201
wendy@mcd-law.com

Lisa F. Rackner (W) (C)
McDowell & Rackner PC
520 SW 6th Ave Ste 830
Portland, OR 97201
lisa@mcd-law.com

Mary Wiencke (W)
Pacific Power
825 NE Multnomah St., Suite 1800
Portland, OR 97232
Mary.wiencke@pacificcorp.com

Oregon Dockets (W)
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232
oregondockets@pacificcorp.com

Doug Kuns Rates&Regulatory Affairs (W)
Portland General Electric
121 SW Salmon St 1WTC0702
Portland, OR 97204
pge.opuc.filings@pgn.com

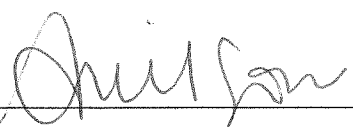
Douglas C. Tingey (W) (C)
Portland General Electric
121 SW Salmon St 1WTC13
Portland, OR 97204
doug.tingey@pgn.com

George Compton (W) (C)
Public Utility Commission of Oregon
P.O. Box 2148
Salem, OR 97308-2148
George.compton@state.or.us

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

Donald W. Schoenbeck (W) (C)
Regulatory & Cogeneration Services, Inc.
900 Washington St., Suite 780
Vancouver, WA 98660-3455
dws@r-c-s-inc.com

Barry T. Woods (W)
Smart Grid Oregon/Ecotality Counsel
5608 Grand Oaks Dr.
Lake Oswego, OR 97035
woods@sustainableattorney.com


Ariel Son
Coordinator, Regulatory Operations

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1415

In the Matter of:

PUBLIC UTILITY COMMISSION OF
OREGON Staff Investigation Cost
Methods for Use in Developing Electric
Rate Spreads

**CLOSING COMMENTS OF
PACIFIC POWER**

1 Pursuant to the Memorandum issued by Administrative Law Judge (ALJ) Lisa
2 Hardie in this proceeding on September 30, 2011, PacifiCorp d/b/a Pacific Power (the
3 Company) hereby submits these Closing Comments to the Public Utility Commission of
4 Oregon (Commission). As a preliminary matter, the Company appreciates the
5 Commission’s clarifications to the draft straw proposal. Given these clarifications, the
6 Company is generally supportive of the factors identified by the Commission as “a broad
7 analytical framework for approving or rejecting a mandatory time-varying rate proposed by
8 a party in a general rate case or other tariff filing.” The Company’s understanding is that
9 these factors would, in fact, comprise a broad, flexible framework rather than rigid
10 requirements. Enclosed are the Company’s responses to the issues identified in the
11 Memorandum.

I. Responses to Requests for Comments

A. Factors

1. Comments on the factors proposed by other parties

In addition to the factors identified in the straw draft proposal, the Company reiterates its position that customer acceptance is a central factor in approving or rejecting a mandatory time of use rate. In response to other comments, the Company also agrees with Portland

1 General Electric’s proposal that the level of short-term revenue attrition and long-term
2 volatility of revenues to the utility is an important factor to consider. Initially, time-varying
3 rates are designed to be revenue neutral. However, in addition to better reflecting the cost to
4 serve, one of the purposes of time-varying rates is to encourage a shift in energy usage in
5 order to capture system benefits. As a result of the potential shift in energy usage, it is
6 important to understand how revenues may be impacted over both short-term and long-term
7 timeframes.

8 **2. Seasonal rates should be analyzed using similar factors**

9 The Company agrees that seasonal rates are different than time-of-use rates. Rates in
10 effect under a seasonal rate structure persist for a number of months, while rates in effect
11 under a time of use rate structure can vary within a single day. Even so, similar factors could
12 be considered for each; however, as the Commission indicates, they would probably result in
13 different weightings or results depending on the structure of the particular pricing proposal.
14 For example, one of the factors, cost of implementation, would be much lower and therefore
15 less of a concern for a seasonal rate proposal than for a time-of-use rate proposal.

16 **3. The proposed factors are also important considerations for voluntary pricing**
17 **proposals**

18 The same factors under consideration to evaluate mandatory time of use prices present a
19 useful framework to apply to voluntary programs or demand response programs; however, in
20 evaluating a voluntary proposal, it may be appropriate to emphasize a different set of factors.
21 For example, rate complexity might be less of a concern if the rate were voluntary, while it
22 would be a larger issue for a mandatory program. Also, in some cases, a voluntary program
23 could be offered in response to a specific set of conditions that might require consideration of

1 different or additional factors.

2 **B. Directives**

3 **1. Proposed Alternative Directive for Reporting**

4 In response to the Commission's request, the Company offers the following alternative
5 directive to proposed Directive 1 (D-1). The purpose of this alternative is to clarify that only
6 those costs tracked by a utility as part of a utility's standard business practices must be
7 provided.

8 *D-1. To the extent that time sensitive cost data is tracked and available to the utility,*
9 *we direct each utility to provide cost information for the utility that varies during*
10 *different time periods during the year. This information may be as granular as the*
11 *utility has available.*

12 **2. Detailed information on time sensitive cost data can be provided in biennial**
13 **reports**

14 The Company and many other parties indicated in opening comments, the integrated
15 resource planning (IRP) process is not the right place for a proposed systematic look at time-
16 varying rates. Given the multi-state nature of the IRP process for PacifiCorp in particular,
17 this forum would not be the appropriate venue to investigate time-varying rates in Oregon.
18 As an alternative, the Company offers that a periodic time varying rate investigation in
19 Oregon would be more appropriate and productive. Specifically, this could be addressed
20 through a biennial report on time-of-use rates submitted by each utility. In it, the data
21 provided in accordance with D-1 would be reviewed and analyzed, and a follow up meeting
22 could be held by the Commission. The utility could also identify any proposed time-varying
23 pricing proposals or pilot programs it intends to pursue through a rate filing.

1 While a detailed analysis of time-varying pricing is not recommended to be part of the
2 IRP process, it is important to note that the Company currently evaluates demand response
3 program potential as part of the IRP process. Therefore, the report envisioned in response to
4 the proposed directive would be limited to time-varying costs for pricing programs in Oregon
5 and not to other demand response programs.

6 **3. Time-varying rate programs to be examined**

7 The Company looks forward to working with Staff and other stakeholders in a periodic
8 evaluation of time-varying rates and programs. In response to the Commission's request, the
9 types of time-varying rates or demand response programs that could be investigated in the
10 proposed report discussed above include:

- 11 • Seasonal rates.
- 12 • Two part, on-peak and off-peak time of use rates for non-demand metered customers.
- 13 • Three part, on-peak, mid-peak and off-peak time of use rates for non-demand metered
14 customers.
- 15 • On-peak and off-peak time of use rates, with a short duration critical peak tier, for
16 non-demand metered customers.
- 17 • On-peak, mid-peak and off-peak time of use rates, with a short duration critical peak
18 tier, for non-demand metered customers.
- 19 • The application of demand and energy time of use rates for demand metered
20 customers.

21 **II. CONCLUSION**

22 The Company appreciates the clarifications made during the workshop and
23 subsequently memorialized in the ALJ's September 30, 2011 Memorandum. Given these

1 clarifications, the Company looks forward to working with the Commission and other
2 parties to create a broad analytical framework for approving or rejecting a mandatory time-
3 varying rate proposed by a party as well as a process to systematically evaluate time-
4 varying rate designs and programs. The Company respectfully requests that the
5 Commission consider its comments, as well as comments from other parties, when
6 establishing the list of factors and directives that will be used to accomplish this task.

DATED: October 20, 2011



Mary M. Wiencke
Pacific Power
Legal Counsel
825 NE Multnomah St., Ste. 1800
Portland, OR 97232-2149

Counsel for PacifiCorp