



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

September 8, 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 – Opening Comments of Pacific Power

PacifiCorp d/b/a Pacific Power (“Company”) encloses for filing its Opening 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 September 8, 2011, I caused to be served, via E-Mail and 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

Alan Rosenberg (W) (C)
Brubaker and Associates
1215 Fern Ridge Parkway, Suite 208
St. Louis, MO 63141
arosenberg@consultbai.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@pacificorp.com

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

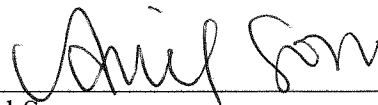
Doug Kuns Rates&Regulatory Affairs (W)
Portland General Electric
121 SW Salmon St 1WTC0702
Portland, OR 97204
pge.opuc.filings@pgn.com

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

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

**OPENING COMMENTS
OF PACIFIC POWER**

1 Pursuant to Public Utility Commission of Oregon (Commission) Order No. 11-
2 255 and the Ruling issued by Administrative Law Judge (ALJ) Lisa Hardie in this
3 proceeding on August 8, 2011, PacifiCorp d/b/a Pacific Power (the Company) hereby
4 submits these Opening Comments to the Public Utility Commission of Oregon
5 (Commission).

I. DISCUSSION

7 **A. Setting Factors to Consider When Evaluating Approval of Proposed**
8 **Mandatory Time-Varying Rates is Premature**

9 **1. State-Specific Time-Varying Rates Should Not Be Evaluated as Part of the**
10 **Integrated Resource Planning Process**

11 The stated purpose of this proceeding is to ensure that certain time-varying rate
12 structures are systematically considered. Order 11-255. To this end, the Commission
13 proposes to develop guidelines to help guide presentation of evidence and Commission
14 deliberation on mandatory time-varying rate proposals. Before guidelines are established,
15 the Commission must provide more direction with respect to the context in which time-
16 varying rates will be evaluated.

17 The draft straw proposal seems assume that the proposed factors to be used to

1 evaluate time-varying rates will somehow be incorporated into the Integrated Resource
2 Planning (IRP) process. However, it is not clear that the IRP process is the most effective
3 or appropriate context in which to evaluate mandatory time-varying rates. As the
4 Commission is aware, the Company's IRP looks at resources across its total six-state
5 system. Although a variety of generic time-of-use rate structures are modeled in the IRP
6 as part of its resource portfolio scenario analysis, the IRP process has not been used to
7 propose or review state-specific rate proposals. Evaluating state-specific rate structures or
8 policies within the scope of the IRP would not be feasible and would reduce the IRP's
9 efficacy as a balanced multi-state resource planning process.

10 The Company recommends that Oregon time varying rate structures are more
11 appropriately reviewed during general rate case proceedings. If the Commission is
12 proposing that Companies are required to evaluate/propose time-varying rates as part of a
13 general rate proceeding, additional discussion is needed with respect to how these
14 'guidelines' will be applied in the context of general rate case proposals submitted by
15 utilities.

16 **2. Different Guidelines Should Apply Depending on Whether Time-Varying**
17 **Rates are Mandatory or Voluntary**

18 The Commission's factors and directives will vary depending on whether time-
19 varying rates evaluated will be mandatory or voluntary. The draft straw proposal states
20 that the proposed factors are to be considered when evaluating whether or not to approve
21 a mandatory time-varying rate. However, proposed factor no. F-4 contemplates customer
22 opt-in and opt-out provisions, which would effectively render a time-varying rate
23 structure voluntary. The Company believes that the level of required participation is a key

1 factor in evaluating time-varying rates and requests further guidance and clarification on
2 what the Commission considers to be a mandatory time-varying rate.

3 The Company proposes that these issues be resolved prior to the adoption or
4 development of any guidelines concerning time-varying rates.

5 **B. Comments on Proposed Factors**

6 Related to the Company's comment above with respect to importance of
7 clarifying whether or not a proposed time-varying rate is truly mandatory, the Company
8 proposes that a factor be added that addresses the importance of acceptance by customers
9 of time-varying rates, particularly if mandatory rates are proposed.

10 The Company notes that further investigation should be conducted on whether
11 and how the amount of demand-side resource and system benefits that can be tapped
12 through a time-varying rate (factor F-1) and the extent to which an optional rate or
13 alternative program can achieve that resource (factor F-2) will be calculated. These items
14 may be difficult or impossible to determine given the current type of data available.

15 **C. Comments on Proposed Directives to Utilities**

16 **1. Directive D-1: Information Requested May Be Difficult to Produce and Have**
17 **Limited Value**

18 With respect to directive D-1, the detailed information requested may be difficult
19 and costly to produce, and if it were produced, the usefulness of such information would
20 be very limited. D-1 requests cost data for "each hour of the day and month of the year".
21 As stated, this directive requests data for each hour of each day of the year--8760 hours
22 of cost data. If such data could be produced, the Company believes that it would be
23 difficult to levelize or apply to subsequent years or other time periods. For each day and
24 each year, costs will vary depending upon a number of factors many of which may not be

1 known or predicted. A very high probability exists that costs on a particular day in one
2 year will not equal or follow those costs on the same day in a subsequent year; therefore,
3 it is not clear that the data collection requirements stated in directive D-1 would be useful
4 in evaluating mandatory time-varying rates.

5 **2. Directives D-2 and D-3: The Integrated Resource Planning Process Is Not the**
6 **Appropriate Context to Evaluate State-Specific Mandatory Time-Varying**
7 **Rates**

8 With respect to directives D-2 and D-3, the Company does not believe that the
9 IRP process is the appropriate proceeding for extensive evaluation of costs, benefits, and
10 implementation aspects of different Oregon-specific rate structures. The Company must
11 abide by strict IRP filing deadlines established in other states, and expects that an
12 extensive rate structure evaluation will be unduly restrictive in scope to meet multi-state
13 public review and IRP filing requirements. For example, schedule limitations would
14 preclude the benefit of data acquisition from a pilot rate program needed to address
15 critical issues such as load impact reliability expectations, implementation effectiveness,
16 direct/indirect impacts on current time-varying rates, and interaction effects with respect
17 to other demand-side management programs. Additionally, the Company will need to
18 account for schedule and staff resource pressures resulting from the expansion of analysis
19 requirements in other areas for the next IRP, driven by multiple state commission
20 acknowledgment orders and public stakeholder expectations.

21 Given these issues, the Company recommends that Commission-directed
22 workshops focus on development of an appropriate rate structure study plan that is not
23 linked to the IRP and thereby avoids the complications that would be inherent in
24 conducting an Oregon rate structure study subject to review and comment by

1 stakeholders and commissions from other states.

2 Further, the workshops can also address the appropriate role of the IRP for
3 supporting future rate structure analysis as well as provide an opportunity to discuss how
4 each utility can most effectively address Oregon IRP Guideline 7, which requires
5 evaluation of demand response resources “on par with other options for meeting energy,
6 capacity, and transmission needs...” As described in its 2011 IRP, the Company currently
7 evaluates a number of time-of-use rate products as demand response resource options for
8 portfolio modeling. These resource options, provided as part of a demand-side
9 management potentials study, include residential time-of-use rates, commercial critical
10 peak pricing, mandatory irrigation time-of-use, and commercial/industrial real-time
11 pricing. Commission-led workshops would provide the opportunity to discuss the
12 inherent limitations and potential improvements for representing time-varying rate
13 resources in its IRP models, including specification of risk attributes and quantifiable
14 factors identified in the Commission’s draft straw proposal.

15 **II. CONCLUSION**

16 The Company recommends that further workshops must be held in order to clarify
17 the context in which mandatory time-varying rates will be evaluated before specific
18 factors and directives to evaluate mandatory time-varying rates may be adopted.

19 DATED: September 8, 2011



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

Counsel for PacifiCorp