



RICHARDSON & O'LEARY

ATTORNEYS AT LAW

Tel: 208-938-7900 Fax: 208-938-7904

P.O. Box 7218 Boise, ID 83707 - 515 N. 27th St. Boise, ID 83702

October 19, 2012

Commissioner Susan Ackerman
Commissioner John Savage
Commissioner Stephen Bloom
Public Utility Commission of Oregon
550 Capitol St. NE
Salem, Oregon 97301-2551

Re: UM 1535 -- Northwest and Intermountain Power Producers Coalition's Reply to Portland General Electric Company's Response

Dear Commissioners Ackerman, Savage, and Bloom:

The Northwest and Intermountain Power Producers Coalition ("NIPPC") respectfully request that the Public Utility Commission of Oregon (the "Commission") accept this Reply to Portland General Electric Company's ("PGE's") Response Letter dated October 17, 2012 ("*PGE's Response to NIPPC*"). Allowing for this reply is appropriate because PGE relied upon new factual information and used that information to state NIPPC made a factual misrepresentation. NIPPC would appreciate having the opportunity to address the record in reply.

The factual issues in dispute are whether an independent bidder can secure a gas storage contract at the Northwest Natural storage facility without agreeing to purchase far more storage than would be necessary to operate the 200 MW Flexible Capacity Resource, and whether PGE obtained preferential access or a preferential rate for storage based upon use of its other rate-payer funded gas needs. Troutdale Energy Center's ("TEC") filing is supported by an August 8, 2012 letter from Northwest Natural to TEC, which states, "the smallest reservoir available for development by NWN was 1 Bcf," *TEC's Request for Hearing* at Exhibit B, p. 2. Northwest Natural also stated to TEC, "The tenor you are now requesting suggests an expansion is required, but the size of storage service volumes you are requesting still cannot support a decision to expand solely on TEC's volumes." *Id.* at p. 2. NIPPC relied upon TEC's filing to assert that PGE must have used other rate-payer funded gas needs to secure a larger volume of storage than TEC stated is necessary to support a 200 MW plant standing alone.

PGE's accusation of a misrepresentation of materials in PGE's Owner's Costs is disingenuous. PGE did not provide its Precedent Agreement with Northwest Natural in its Owner's Costs – let alone any correspondence similar to that provided by TEC describing the limitations on storage availability. PGE's Precedent Agreement and related correspondence would likely show whether PGE relied upon its other gas storage needs to secure preferential access or a preferential rate for storage for PW II. NIPPC's Confidential Comments on PGE's Owner's

Costs noted the lack of complete disclosure of documents supporting the Owner's Costs in general, and the omission of the Precedent Agreement in particular.

Now, pressed by TEC's filing, PGE states, "[REDACTED]" *PGE Confidential Response to TEC* at 4. From this fact, PGE asserts NIPPC should have known that "PGE's Owner's Costs show that the Port Westward II plant independently meets the NW Natural threshold natural gas storage capacity requirement [of 1 Bcf]." *PGE's Response to NIPPC* at 1. Yet PGE cited no portion of voluminous Owner's Costs to establish [REDACTED] as the amount necessary for PW II's stand-alone gas storage needs. Instead, PGE states that the [REDACTED] amount "[REDACTED]" *PGE Confidential Response to TEC* at 4 (emphasis added). The Owner's Costs documents regarding PGE's Precedent Agreement and PW II's gas rights are attached to this filing as Confidential Exhibit A. Those documents [REDACTED]

Finally, PGE's Owner's Costs in fact state that PGE "[REDACTED]" – which is [REDACTED]. See *Confidential Exhibit A* at 4; see also *id.* at 2, 10. Unless PGE's own figures are incorrect, [REDACTED] TEC has courageously flagged this issue for the Commission's attention, but TEC is not alone among the bidders who have expressed serious concern about the fairness of the gas storage and transport component. NIPPC again suggests that the information filed by TEC warrants further investigation because no party had a meaningful opportunity to raise this factual issue earlier.

Sincerely,



Gregory Adams
RICHARDSON AND O'LEARY, PLLC
Attorney for the
Northwest and Intermountain Power Producers Coalition

cc: UM 1535 Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 19th day of October, 2012, a true and correct copy of the within and foregoing **REPLY OF THE NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION** was served as shown, with only those individuals qualified to receive confidential material (C) receiving the confidential paper copy of the filing:

OREGON DEPARTMENT OF ENERGY

Matt Krumenauer (C)

Vijay A Satyal (C)

625 Marion St NE

Salem OR 97301

matt.krumenauer@state.or.us

vijay.a.satyal@state.or.us

Hand Delivery

U.S. Mail, postage pre-paid

Facsimile

Electronic Mail

V. Denise Saunders (C)

PORTLAND GENERAL ELECTRIC

121 SW Salmon St 1WTC1301

Portland OR 97204

denise.saunders@pgn.com

Hand Delivery

U.S. Mail, postage pre-paid

Facsimile

Electronic Mail

Overnight Delivery

Randy Dahlgren (C)

PORTLAND GENERAL ELECTRIC

121 SW Salmon St 1WTC0701

Portland OR 97204

pge.opuc.filings@pgn.com

Hand Delivery

U.S. Mail, postage pre-paid

Facsimile

Electronic Mail

Overnight Delivery

OREGON DEPARTMENT OF JUSTICE

Janet L Prewitt (C)

1162 Court St NE

Salem OR 97301-0496

janet.prewitt@doj.state.or.us

Hand Delivery

U.S. Mail, postage pre-paid

Facsimile

Electronic Mail

ACCION GROUP INC

Harold T Judd

244 North Main Street

Concord NY 03301

hjudd@acciongroup.com

Hand Delivery

U.S. Mail, postage pre-paid

Facsimile

Electronic Mail

CABLE HUSTON BENEDICT HAAGENSEN
& LLOYD LLP
J Laurence Cable (C)
Richard Lorenz (C)
1001 SW Fifth Ave Ste 2000
Portland OR 97204-1126
lcable@cablehuston.com
rlorenz@cablehuston.com

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

CITIZENS' UTILITY BOARD OF OREGON
Gordon Feighner (C)
Robert Jenks (C)
G Catriona McCracken (C)
610 SW Broadway Ste 400
gordon@oregoncub.org
bob@oregoncub.org
catriona@oregoncub.org

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

DAVISON VAN CLEVE PC
S Bradley Van Cleve (C)
Irion A Sanger (C)
333 SW Taylor Ste 400
Portland OR 97204
mail@dvclaw.com
bvc@dvclaw.com

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

ESLER STEPHENS & BUCKLEY
John W Stephens
888 SW Fifth Ave Ste 700
Portland OR 97204
mec@eslerstephens.com

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

NW ENERGY COALITION
Wendy Gerlitz (C)
1205 SE Flavel
Portland OR 97202
wendy@nwenergy.org

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

PUBLIC UTILITIES COMMISSION
Erik Colville (C)
PO Box 2148
Salem OR 97208
erik.colville@state.or.us

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

PUC STAFF-DEPARTMENT OF JUSTICE
Stephanie S Andrus (C)
1162 Court St NE
Salem OR 97301
stephanie.andrus@state.or.us

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

REGULATORY & COGENERATION
SERVICES INC
Donald W Schoenbeck (C)
900 Washington St Ste 780
Vancouver WA 98660
dws@r-c-s-inc.com

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

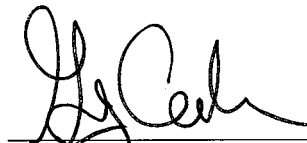
RENEWABLE NORTHWEST PROJECT
Megan Walseth Decker
Jimmy Lindsay
421 SW 6th Ave #1125
Portland OR 97204
megan@rnp.org
jimmy@rnp.org

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

TEPPER LLC
Chuck Sides
PO Box 2087
Salem OR 97308
chucksides@mgoregon.com

Hand Delivery
 U.S. Mail, postage pre-paid
 Facsimile
 Electronic Mail

By:



Gregory M. Adams

Attorney for the Northwest and
Intermountain Power Producers Coalition

