



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

September 26, 2013

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

Public Utility Commission of Oregon
3930 Fairview Industrial Dr. S.E.
Salem, OR 97302-1166

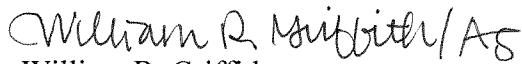
Attn: Filing Center

Re: UM 1667—PacifiCorp's Reply Comments

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits for filing its reply comments in the above-referenced proceeding.

Informal questions concerning this filing may be directed to Bryce Dalley, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6389.

Sincerely,


William R. Griffith
Vice President, Regulation

Enclosures

cc: Service List—UM 1667

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1667

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

2013 Annual Smart Grid Report

REPLY COMMENTS

On August 1, 2013, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company), submitted its first annual Smart Grid Report (Report) to the Public Utility Commission of Oregon (Commission), pursuant to Order No. 12-158 in docket UM 1460. On September 11, 2013, the Company received comments in response to the Report from the Citizens' Utility Board of Oregon (CUB) and the NW Energy Coalition (NVEC). The Company provides these reply comments in response to the comments of CUB and NVEC.

I. The Report reflects the Company's efforts to carefully balance smart grid innovations against smart grid costs.

The Company is committed to pursuing cost-effective ways of implementing smart grid for the benefit of our customers. CUB urges the Company to be more "inventive" and "innovative" with regard to smart grid, but such inventiveness and innovation come with costs, costs that are ultimately borne by customers.¹ In evaluating smart grid programs, the Company carefully balances the benefits of smart grid innovations against the costs of those innovations to customers. Indeed, CUB acknowledges in its comments that the "time may not be right for mass investments in smart grid technology"² As the Report shows, the Company continues to evaluate smart grid technologies and programs that can be incrementally added to the

¹ Comments of CUB at 6.

² Comments of CUB at 6.

Company's system in ways that provide the benefits of innovative smart grid technologies in a cost-effective way.

A good example of this careful balancing is two-way communications. CUB indicates in its comments that "the true power of smart grid lies in two-way communication potential."³ The Company agrees that most smart grid technologies require two-way communications to operate to full potential. Typically, the implementation of an advanced metering system (AMS) that requires the installation of a two-way communication system is the first step towards smart grid deployment. As discussed in the Report, an AMS installation throughout the Company's six state service territory would be cost prohibitive at this time.⁴ Due to this constraint, the Company indicated that it is currently moving forward with a study that will investigate the costs and benefits of an advanced metering strategy for the states of Oregon and California.⁵ The strategy will present PacifiCorp's plans for short- and long-term advanced metering solutions in these states while also taking into consideration other beneficial applications related to smart grid and to other applications. As mentioned in the Report, this strategy document will be completed in October 2014.

II. The Company continues to expand existing demand response programs and to evaluate potential new demand response programs.

In its comments, CUB criticizes the Company for "show[ing] no signs of wanting to capitalize on these achievements [referring to the Company's Cool Keeper program]" and for making "no recent attempt to significantly expand on these initiatives or to design new ones."⁶

CUB's comments overlook the fact that the Report specifically identifies that Company is

³ Comments of CUB at 3.

⁴ See PacifiCorp's Annual Smart Grid Report at 33 (discussion of the Company's analysis of AMS).

⁵ *Id* at 33-34.

⁶ Comments of CUB at 3.

currently upgrading the Cool Keeper system in order to “increase the overall efficiency of the direct load control system.”⁷ Further, the Cool Keeper program continues to expand even without an active marketing program. If the need for additional participation of customers becomes necessary, the marketing program will be activated. CUB’s criticism also overlooks significant differences between end-use load characteristics in Utah, where the Cool Keeper program has been most successful, and in Oregon. The program works well in Utah due to the high penetration of residential air conditioning. As explained in the Report, prior analyses have indicated that expanding the Cool Keeper program into Oregon would not be cost effective due to the low penetration of residential air conditioning, the temperate summer climate, and the fact that Oregon has a historical winter load peak.⁸

Although the Company is not currently expanding the Cool Keeper program to Oregon, the Company will continue to investigate direct load control programs involving other loads. Direct load control programs would require a two-way communication system in order to be implemented. These types of load programs have not been considered by the Company at this time due to the current lack of two-way communication systems; however, these programs will continue to be assessed by the Company as their effectiveness and success become a mainstream solution.

III. The Company is actively engaged in communications with customers regarding smart grid.

NWEC comments that the Report does not sufficiently outline the Company’s customer engagement and outreach efforts.⁹ As identified in the Report,¹⁰ the Company currently utilizes

⁷ PacifiCorp’s Annual Smart Grid Report at 40.

⁸ *Id.*

⁹ Comments of NWEC at 2.

a variety of channels to reach out to and engage customers concerning existing programs. These efforts include providing information to customers and working with entities such as the Energy Trust of Oregon. As the Company moves forward with specific smart grid projects, the Report outlines how the Company will move forward with the development of customer education and outreach efforts.¹¹ The full scope of customer education and outreach programs will be defined at the time of smart grid deployment and will be based on specific components deployed.

NWEC also urges the Company to make more of the cost benefit analysis of smart grid programs available in the public, non-confidential version of the report. The Company will continue to evaluate ways to make more information non-confidential. However, given the limited number of vendors for smart grid technologies, disclosure of sensitive pricing information can have a negative impact on the Company's ability to negotiate the best pricing for our customers.

IV. The Company continues to evaluate the role of electric vehicles (EVs) in the smart grid.

NWEC makes several recommendations regarding EVs. For example, NWEC suggests the Company should educate customers about the potential for off-peak charging. The Company currently provides information that informs customers of the benefits of off-peak charging.¹² NWEC also urges the Company to develop vehicle-to-grid pilot projects.¹³ With the present low penetration level of EVs, EVs are not a viable direct load control application at this time. However, similar to other smart grid technology applications, the Company is monitoring

¹⁰ *E.g.*, PacifiCorp's Annual Smart Grid Report at 36 (outlining how the Company currently engages customers interested in demand response programs).

¹¹ *See* PacifiCorp's Annual Smart Grid Report at 60.

¹² *See*, <http://www.pacificpower.net/env/ev/ecr.html>

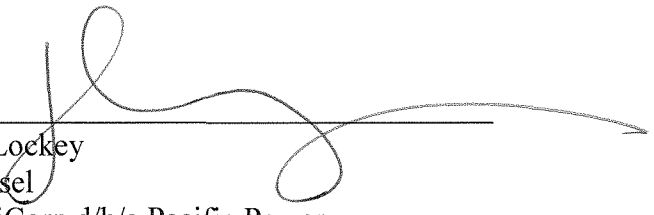
¹³ Comments of NWEC at 2.

vehicle-to-grid applications, including battery technology and warranties. Until EV penetrations increase and vehicle-to-grid technology becomes practical and cost effective, the Company does not plan to complete detailed studies, implement, or pilot vehicle-to-grid programs.

V. Conclusion

The Company appreciates parties' comments, the opportunity to respond to them, and to present this report to the Commission and other stakeholders in Oregon.

Respectfully submitted this 26th day of September, 2013.



Etta Lockett
Counsel
PacifiCorp d/b/a Pacific Power

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Reply Comments on the parties listed below via electronic mail and/or US mail in compliance with OAR 860-001-0180.

UM 1667

Brittany Andrus (W) (C)
OPUC
PO Box 2148
Salem, Oregon 97308-2148
Brittany.andrus@state.or.us

Kacia Brockman (W) (C)
Oregon Department of Energy
625 Marion Street NE
Salem, Oregon 97301-3737
Kacia.brockman@state.or.us

Renee M. France (W) (C)
Oregon Department of Justice
Natural Resources Section
1162 Court Street NE
Salem, Oregon 97301-4096
renee.m.france@doj.state.or.us

OPUC Dockets (W)
Citizens' Utility Board of Oregon
610 SW Broadway, Ste 400
Portland, Oregon 97205
dockets@oregoncub.org

Robert Jenks (W) (C)
Citizens' Utility Board of Oregon
610 SW Broadway, Ste 400
Portland, Oregon 97205
bob@oregoncub.org


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

Wendy Gerlitz
NW Energy Coalition
1205 SE Flavel
Portland, Oregon 97202
Wendy@nwenergy.org

Etta Lockey (W)
PacifiCorp
825 NE Multnomah Street, Suite
1800
Portland, Oregon 97232
Etta.lockey@pacificorp.com

William Griffith (W) (C)
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon 97232
Bill.griffith@pacificorp.com

Dated this 26th of September 2013.



Amy Eissler
Coordinator, Regulatory Operations