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**PUBLIC UTILITY COMMISSION  
OF OREGON**

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**UM 1689**

**STAFF OPENING TESTIMONY OF**

**BRITTANY ANDRUS  
DEBORAH GARCIA**

**In the Matter of  
PACIFICORP, dba PACIFIC POWER,  
Application for Deferred Accounting and Prudence  
Determination Associated with the Energy  
Imbalance Market.**

**June 23, 2014**



# Oregon

John A. Kitzhaber, MD. Governor

## Public Utility Commission

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June 23, 2014

### *Via Electronic Filing*

OREGON PUBLIC UTILITY COMMISSION  
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**RE: Docket No. UM 1689 – In the Matter of  
PACIFICORP, dba PACIFIC POWER, Application for Deferred  
Accounting and Prudence Determination Associated with the Energy  
Imbalance Market.**

Enclosed for electronic filing in the above-captioned docket is the Public  
Utility Commission Staff's Opening Testimony.

*/s/ Kay Barnes*

Kay Barnes

Filing on Behalf of Public Utility Commission Staff

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c: UM 1689 Service List (parties)

CASE: UM 1689  
WITNESS: BRITTANY ANDRUS

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 100**

**Opening Testimony**

**June 23, 2014**

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Brittany Andrus. My business address is 3930 Fairview Industrial  
3 Dr SE Salem, Oregon 97302-1166.

4 **Q. Please describe your educational background and work experience.**

5 A. My Witness Qualification Statement is found in Exhibit Staff/101.

6 **Q. What is the purpose of your testimony?**

7 A. The purpose of my testimony is to respond to PacifiCorp's (Pacific or  
8 Company) request for a prudence determination regarding its proposed Energy  
9 Imbalance Market (EIM). Staff Witness Deborah Garcia responds to the  
10 Company's request to defer costs associated with EIM in Staff/200, Garcia.

11 **Q. What is an energy imbalance market (EIM)?**

12 A. Energy imbalance is the difference between forecast and actual loads,  
13 generation, and interchange. Under the status quo, each balancing authority  
14 area (BAA) balances its own loads, generation, and interchange. An EIM is a  
15 system in which loads and resources are balanced by optimizing the automated  
16 generator dispatch within and between BAAs, thereby reducing the need for  
17 higher required reserves.  
18

19 **Q. Why is an EIM beneficial?**

20 A. By balancing loads and resources across BAAs rather than within each BAA  
21 individually, benefits accrue from economically dispatched power (as the  
22 automated EIM tools will choose the least-cost resource to meet the needs of  
23 the grid) and from the diversity of loads and variable resources. In addition,

1 automated dispatch provides operational efficiencies because the EIM will  
2 optimize available regional resources.

3 **Q. How is PacifiCorp proposing to participate in an EIM?**

4 A. The California Independent System Operator (CAISO) currently operates a  
5 real-time market for imbalance energy in its BAA. In February 2014, the CAISO  
6 filed revisions to its tariff with the Federal Energy Regulatory Commission  
7 (FERC) to allow other BAAs in the West to participate in an EIM (the term EIM  
8 refers to the specific CAISO proposal for the remainder of this testimony, rather  
9 than a generic EIM). The ISO proposal states that it, “takes advantage of its  
10 successful existing real-time market by adding new procedures to  
11 accommodate the voluntary participation of other balancing authorities without  
12 disrupting the current market structure.”<sup>1</sup> PacifiCorp proposes that its two  
13 BAAs, PacifiCorp East (PACE) and PacifiCorp West (PACW), participate in the  
14 EIM. This expansion of the voluntary, sub-hourly market will be operated by  
15 the CAISO, in which generators voluntarily offer resources for dispatch every  
16 five minutes. The EIM allows PacifiCorp and CAISO to take advantage of the  
17 diversity in loads and generating resources across their systems and improve  
18 dispatch efficiency. EIM software automatically dispatches imbalance energy  
19 across the BAAs using a security-constrained economic dispatch (SCED)  
20 algorithm. For the purposes of this testimony, SCED is defined as “the  
21 operation of generation facilities to produce energy at the lowest cost to reliably  
22 serve consumers, recognizing any operational limits of generation and

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<sup>1</sup> FERC Docket No. ER14-1386, ISO Tariff Amendments to Implement an Energy Imbalance Market, filed February 28, 2014.

1 transmission facilities.”<sup>2</sup> The CAISO system generates locational marginal  
2 prices, or nodal pricing, for use in settling energy imbalances. In other words,  
3 the lowest cost resources are dispatched when and where they are needed  
4 within system constraints, across a larger footprint, and with more frequency  
5 and automation, than with the status quo.

6 **Q. When is the Company proposing to begin participating in the EIM?**

7 A. The EIM would begin on October 1, 2014.

8 **Q. What are the specific benefits of PacifiCorp’s participation in an EIM?**

9 A. Benefits of the Company’s participation in the EIM encompass several  
10 categories, including inter-regional dispatch savings, intra-regional dispatch  
11 savings, reduced flexibility reserves, and reduced variable renewable  
12 generation curtailment.

13 **Q. Please describe the prudence determination requested in this**  
14 **application.**

15 A. PacifiCorp is requesting that the Commission find that the Company’s decision  
16 to participate in the EIM is prudent.

17 **Q. Why is the Company requesting the EIM prudence determination at this**  
18 **time, rather than upon filing of a general rate case?**

19 A. The stipulation in Docket No. UE 263 requires that PacifiCorp not file a general  
20 rate case until 2015 or later. The Company seeks the prudence review at this  
21 point in time because it is “closer in time to when the Company is making key

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<sup>2</sup> Economic Dispatch of Electric Generation Capacity, A Report to Congress and the States Pursuant to Sections 1234 and 1832 of the Energy Policy Act of 2005. U.S. Department of Energy, February 2007, p. 3.

1 EIM decisions rather than the Company's next general rate case."<sup>3</sup> For  
2 example, according to the Implementation Agreement between PacifiCorp and  
3 the CAISO, the Company is making information technology infrastructure  
4 upgrades, performing security and functional testing, and training, as part of  
5 the preparation for an EIM market simulation with the CAISO in early July.<sup>4</sup>

6 **Q. On what basis does the Commission determine prudence?**

7 A. The most recent discussion of the Commission's standard for a determination  
8 of prudence is found in Order No. 12-493 in Docket No. UE 246:

9 "Through various orders, the Commission has confirmed that prudence  
10 of an investment is measured from the point of time of the utility's actions  
11 and decisions without the advantage of hindsight, that the standard does  
12 not require optimal results, and the review uses an objective standard of  
13 reasonableness."<sup>5</sup>  
14

15 **Q. At what point in time did PacifiCorp make the decision and take action to**  
16 **participate in the CAISO EIM?**

17 A. The Company entered into an Implementation Agreement with the CAISO on  
18 April 30, 2013. While PacifiCorp and CAISO had previously entered into a  
19 Memorandum of Understanding (MOU) in February 2013, that agreement did  
20 not contain a commitment to participate in the EIM. Staff considers April 30,  
21 2013, as the date of the decision.

22 **Q. On what information did PacifiCorp base its decision to participate in the**  
23 **EIM?**

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<sup>3</sup> PAC/100, Bird 8.

<sup>4</sup> PAC/103, Bird/48.

<sup>5</sup> Order No. 12-493, p 25.

1 A. At the time of the decision, PacifiCorp primarily relied on an analysis performed  
2 by Energy and Environmental Economics, Inc. (E3) and summarized in a report  
3 dated March 13, 2013. PacifiCorp submitted a copy of this report as PAC/104  
4 and also submitted a separate copy with the Commission on June 6, 2014.

5 **Q. What benefits were stated in the E3 report?**

6 A. The customer benefits for PacifiCorp identified in the report range from \$10.5  
7 million to \$54.4 million annually, based on a 2017 model year, on a Company-  
8 wide basis. These are gross benefits, not net of estimated costs of  
9 participation. The benefits accrue in four categories: Interregional dispatch,  
10 intraregional dispatch, flexibility reserves, and reduced curtailment of  
11 renewables.

12 **Q. Please describe the approach to estimating the EIM benefits in the E3**  
13 **study.**

14 A. The first category of benefits, interregional dispatch savings, reflects savings  
15 from EIM dispatch across the CAISO and PacifiCorp BAAs. Benefits were  
16 calculated using a production cost model estimate for a benchmark case that  
17 simulates current operations, and an EIM dispatch case in which “hurdle rates”  
18 associated with transmission tariff rates and losses and lack of market liquidity  
19 are eliminated. These savings were then scaled to two lower levels of  
20 transmission transfer capability to arrive at three different cases (800, 400, and  
21 100 MW transfer capability). These savings were assumed to be split evenly  
22 between PacifiCorp and CAISO.



1 The second category of benefits, intraregional dispatch savings, are those that  
2 are expected to be realized within PacifiCorp's two BAAs from the improved  
3 ability to select the least cost resource for dispatch within PacifiCorp's system  
4 from the use of EIM five-minute locational prices. E3 quantified these savings  
5 by scaling PacifiCorp's assumed savings to savings the CAISO realized from its  
6 transition to nodal pricing in 2009, and then assigned high and low savings  
7 alternatives based on level of participation by PacifiCorp's generators. These  
8 benefits were attributed to PacifiCorp only.

9 The third category of benefits is reduced flexibility reserves. Currently,  
10 PacifiCorp and the CAISO individually procure and use operating reserves.  
11 Savings are based on lower costs of flexibility reserves due to the fact that the  
12 systems will be combining forecast errors for load and variable generation, and  
13 that flexibility reserves can be procured from thermal or hydro resources across  
14 the systems. The savings were estimated for a benchmark case based on the  
15 status quo, and an EIM flexibility reserve case assuming that the BAAs are  
16 combined, with three different assumptions for transfer capability. Then,  
17 because the EIM is a five-minute market, and BAAs must hold both load  
18 following reserves (five minute to hourly timescale) and regulation reserves, E3  
19 applied a factor of 0.8 to reflect the fact that BAAs will continue to provide the  
20 regulation reserves portion. The result is an estimate of the total savings from  
21 the load following component, which was then allocated between PacifiCorp  
22 and CAISO in proportion to the stand alone need of each.

1 Reduced renewable energy curtailment savings were also assumed in the E3  
2 study. However, this savings component was attributed 100 percent to the  
3 CAISO, because that is where the reduced curtailment was assumed.

4 **Q. What is Staff's assessment of the E3 analysis?**

5 A. Staff believes the analysis for the estimate the interregional benefits is  
6 reasonable because the approach is similar to the proven methodology used in  
7 analyzing power costs, which is to run the production cost with and without a  
8 given condition, holding other variables constant. E3's approach to the benefits  
9 of the intraregional savings is reasonable, in that it is based on a ratio to actual  
10 benefits achieved in the CAISO. Staff notes that this component of the benefits  
11 relies on a simplifying assumption that the interregional benefits for PACE and  
12 PACW will be proportional. The flexibility reserves savings component is  
13 reasonable, again because it is based on the standard power cost analysis  
14 method of comparing the results of two production cost simulation runs.

15 **Q. What costs has PacifiCorp estimated for its participation in the EIM?**

16 A. The Company has estimated EIM start-up costs of approximately \$20 million  
17 total, which is approximately \$5 million on an Oregon-allocated basis. In  
18 addition, beginning in 2015, PacifiCorp estimates the annual Operations &  
19 Maintenance costs at \$1.7 million annually, which is \$425,000 on an Oregon-  
20 allocated basis.

21 **Q. Why is the range of benefits so large?**

22 A. The benefits are dependent in part upon the amount of transfer capability  
23 across the BAAs. Specifically, there is currently uncertainty regarding

1 PacifiCorp's use of its transmission rights on the California-Oregon Intertie  
2 (COI) for EIM.

3 **Q. Is the Company taking steps to resolve this uncertainty?**

4 A. Yes. On February 14, 2014, PacifiCorp, CAISO and Bonneville Power  
5 Administration (BPA) entered into an MOU to arrive at operating procedures  
6 within specified milestone dates. In addition, a COI Dynamic Transfer  
7 Capability Study is underway, and the results are expected in September 2014.

8 **Q. Has the Company performed analysis beyond the E3 study of the costs  
9 and benefits of the EIM?**

10 A. Yes. In May 2013, the Company performed an EIM cost benefit analysis that  
11 indicated a positive result, even when using a conservative assumption at the  
12 low end of the projected benefits.

13 **Q. What will be the impact of expanding the EIM to additional BAAs?**

14 A. Because extending the geographic scope of the EIM adds to diversity of loads  
15 and variable generating resources, and because administrative costs would be  
16 spread across more entities, the addition of Western BAAs to the EIM should  
17 have a net benefit to the existing participants.

18 **Q. Have other entities taken steps to join the EIM?**

19 A. Yes. On April 16, 2014, CAISO filed its Implementation Agreement with NV  
20 Energy setting forth the terms under which CAISO will extend the EIM to NV  
21 Energy.

22 **Q. Does Staff believe that PacifiCorp's decision to participate in the EIM was  
23 prudent?**

1 A. Yes. Based on the information available at the time the Company entered into  
2 the Implementation Agreement with CAISO, I conclude the Company's actions  
3 were reasonable and the decision to participate in the EIM was prudent.

4 **Q. Since the Company's requested deferral in this docket is for the fixed**  
5 **costs associated with EIM (including one-time costs and fixed annual**  
6 **O&M), how are *ongoing* variable costs and benefits being addressed?**

7 A. In its application, the Company states that it "will convene a collaborative  
8 process with Oregon stakeholders to explore the development of a  
9 balancing account to reflect the variable costs and benefits of EIM in rates,  
10 including the variable O&M costs."<sup>6</sup> The application also states that the  
11 Company plans to make a filing regarding these issues no more than 30  
12 days after the issuance of an order by FERC authorizing changes to  
13 PacifiCorp's OATT and the CAISO tariff "implementing the EIM in a manner  
14 that does not adversely affect the benefits for the Company's customers."<sup>7</sup>  
15 The Company's filing at FERC requested an order by June 20, 2014.<sup>8</sup>

16 **Q. Has the Company included costs and benefits associated with the EIM**  
17 **in its 2014 or 2015 annual adjustment mechanism for forecasted net**  
18 **variable power costs?**

19 A. No. PacifiCorp's 2014 Transition Adjustment Mechanism (TAM) filing, Docket  
20 No. UE 264, contained no reference to EIM costs or benefits. In Docket

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<sup>6</sup> Docket No. UM 1689, PacifiCorp's Application for Deferred Accounting and Prudence Determination, p. 2, lines 8-10.

<sup>7</sup> *Id.* at 2, lines 13-14.

<sup>8</sup> FERC Docket No. ER14-1578, PacifiCorp Filing for Revisions to the OATT to Implement the Energy Imbalance Market.

1 No. UE 287, PacifiCorp's 2015 TAM filing, the Company states, "Due to the  
2 uncertainty surrounding the level of benefits that will be achieved, particularly in  
3 the early stages of EIM operation, the Company has not included the impact of  
4 the EIM in this case. The Company intends to file a separate application with  
5 the Commission to address the Company's participation in the EIM, including a  
6 proposal to defer the associated costs and benefits."<sup>9</sup>

7 **Q. What is Staff's position regarding a mechanism for ensuring that**  
8 **benefits are passed through to Oregon ratepayers?**

9 A. Staff understands that the Company requires two regulatory approvals before it  
10 can collect EIM costs and pass on EIM benefits to Oregon ratepayers: 1) an  
11 affirmative prudence determination from the Commission; and, 2) an order from  
12 FERC. On June 19, 2014, FERC issued an order conditionally accepting in  
13 part and rejecting in part the Company's proposed tariff revisions to implement  
14 the EIM<sup>10</sup>. Staff will review the FERC order to assess the implications for  
15 PacifiCorp's participation in the EIM and its costs and benefits, and may include  
16 its conclusions in reply testimony. Staff Witness Garcia's testimony  
17 recommends that amortization of the deferral be delayed until a mechanism  
18 that aligns the deferred costs with customer benefits has been approved by the

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<sup>9</sup> Docket No. UE 287, PAC/100, Dickman/4, lines 17 to 21.

<sup>10</sup> FERC Docket No. ER14-1578-000, "Order Conditionally Accepting in Part and Rejecting in Part Proposed Tariff Revisions to Implement Energy Imbalance Market," issued June 19, 2014. FERC found that "PacifiCorp has met its burden of proof to demonstrate that the proposed OATT revisions are just and reasonable pursuant to section 205 of the FPA... and that PacifiCorp's filing and the EIM Benefits Study adequately demonstrate that the EIM will provide both quantitative and qualitative benefits to PacifiCorp's customers. See FERC Order at §80, page 34.

1 Commission.<sup>11</sup> Staff expects that after the Company makes its filing regarding  
2 the variable O&M costs and benefits, in the process of review of that filing or in  
3 another process if necessary, Staff will support the concept that EIM benefits  
4 will accrue to ratepayers on an ongoing basis effective October 1, 2014.

5 **Q. Are there other issues you would like to address in this testimony?**

6 A. Staff anticipates that other parties to this docket may raise additional issues,  
7 including the treatment of costs and benefits related to PacifiCorp's  
8 participation into the EIM. Staff reserves the opportunity to testify in its next  
9 reply testimony regarding any additional issue presented by an intervening  
10 party.

11 **Q. Does this conclude your direct testimony?**

12 A. Yes.

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<sup>11</sup> Staff 200/Garcia 5, lines 9-11.

CASE: UM 1689  
WITNESS: BRITTANY ANDRUS

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 101**

**Witness Qualification Statement**

**June 23, 2014**

**WITNESS QUALIFICATION STATEMENT**

NAME: BRITTANY ANDRUS

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: SENIOR UTILITY ANALYST  
ENERGY, RESOURCES AND PLANNING

ADDRESS: 3930 FAIRVIEW INDUSTRIAL DR. SE  
SALEM, OREGON, 97302-1166

EDUCATION: M.B.A.  
Portland State University, Portland, Oregon

B.A. English  
Michigan State University, East Lansing, Michigan

EXPERIENCE: I have been employed at the Oregon Public Utility Commission since 2011. My responsibilities include research, analysis and technical support for electric company proceedings, with an emphasis on resource planning, variable power costs, and qualifying facilities under PURPA.

I was previously employed for 17 years by the Bonneville Power Administration, a wholesale power marketing agency within the federal Department of Energy. My duties included energy efficiency planning and program management, long term load and revenue forecasting, long term power sales contracts, rate impact analysis, short term load forecasting, power and transmission scheduling, and management of load forecasting data and processes.



CASE: UM 1689  
WITNESS: DEBORAH GARCIA

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 200**

**Opening Testimony**

**June 23, 2014**

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Deborah Garcia. My business address is 3930 Fairview Industrial  
3 Dr SE Salem, Oregon 97302-1166.

4 **Q. Please describe your educational background and work experience.**

5 A. My Witness Qualification Statement is found in Exhibit Staff/201.

6 **Q. What is the purpose of your testimony?**

7 A. The purpose of my testimony is to recommend that the Commission  
8 conditionally approve PacifiCorp's (Pacific or Company) application to defer  
9 costs associated with its energy imbalance market (EIM) proposal, and to  
10 consider recommendations regarding amortization of this deferral.

11 **Q. Does your testimony include a review of the prudence of the EIM?**

12 A. No. Staff witness Andrus addresses the prudence of the EIM in Staff/100.

13 **Q. Please describe the costs that Pacific proposes to defer.**

14 A. Pacific is proposing to defer the start-up costs, and annual operations and  
15 maintenance (O&M) costs, related to EIM for future recovery in rates pursuant  
16 to ORS 757.259(2)(e), which allows deferral of identifiable utility expenses or  
17 revenues to match appropriately the costs borne by and benefits received by  
18 customers.

19 **Q. Please provide a description of the expense the Company proposes to  
20 defer.**

21 A. Pacific expects the start-up costs to be approximately \$20 million on a total  
22 company basis (\$5 million Oregon-allocated). The total includes approximately  
23 \$16 million on a total company basis (\$4 million Oregon-allocated) in capital

1 costs, and approximately \$4 million on a total-company basis (\$1million  
2 Oregon-allocated) in O&M costs. In its deferral application Pacific specifies the  
3 start-up costs it is seeking to defer that are related to the design, development,  
4 and implementation of the EIM. The ongoing annual O&M costs are estimated  
5 to be approximately \$1.7 million on a total company basis (\$425,000 Oregon-  
6 allocated).

7 **Q. Why is the Company seeking a deferral?**

8 A. The EIM is expected to become operational, with the Company's investment  
9 used and useful, for Oregon customers by October 1, 2014. Under ordinary  
10 circumstances the revenue requirement associated with the EIM would not be  
11 included in customer rates until the Company's next general rate case. In  
12 Docket No. UE 263, Pacific's last general rate case, the Commission adopted a  
13 stipulation which prevents the Company from filing its next general rate case  
14 until 2015 for rates to be effective at the earliest on January 1, 2016 but allows  
15 the parties in that case, including PacifiCorp, to file for deferrals if necessary.<sup>1</sup>  
16 In the interim, the deferral could allow the Company to align its costs with  
17 customer benefits associated with the EIM.

18 **Q. What is the Company's proposed accounting for the deferral?**

19 A. Beginning on April 18, 2014, (the date of its deferral filing), Pacific proposes to  
20 account for start-up costs and annual O&M costs as follows:

21 For FERC O&M accounts 500 to 935, the Company will credit the appropriate  
22 O&M account(s) and debit FERC account 182.3 Regulatory Assets; and, for

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<sup>1</sup> Order No. 13-474, Appendix A, Part 15.

1 capital investments, the Company proposes to defer the associated revenue  
2 requirement (return of and return on) by crediting Oregon retail revenue  
3 accounts (FERC accounts 440 to 444) and debiting FERC account 182.3.

4 **Q. Could the estimated costs associated with this deferral represent a**  
5 **material financial risk for the Company?**

6 A. No. The estimated start-up costs and one year of annual O&M represents  
7 approximately 0.11 percent of Pacific's gross revenues after Type II  
8 adjustments, as shown in its filed 2013 Results of Operations. The capital  
9 investment represents approximately 0.15 percent of rate base found in the  
10 same report. Typically, Staff would not recommend that the Commission  
11 approve a deferral of this size that, in Staff's opinion, does not represent a  
12 material financial risk to the Company.

13 **Q. On what basis are you recommending that the Commission approve the**  
14 **deferral?**

15 A. Pacific is voluntarily pursuing EIM implementation on behalf of its customers  
16 because the Company's and Staff's initial analyses indicate that there is the  
17 potential for substantial customer benefits from participation in the EIM.  
18 Weighing the potential customer benefits to the small investment, Staff  
19 concludes that, pursuant to ORS 757.259(2)(e), it is appropriate for customers  
20 to cover the prudently incurred costs to appropriately match the customer  
21 benefits.

22 **Q. Does your recommendation for approval of the deferral follow**  
23 **established Commission policy?**

- 1 A. Yes. In Docket UM 1147, the Commission's investigation of deferred  
2 accounting policies, the Commission's order affirmed the following principles:
- 3 1. A flexible, fact-specific approach that acknowledges the wide range of  
4 reasons supporting a potentially beneficial deferral for a company's  
5 customers."<sup>2</sup>
  - 6 2. Use of a deferral for a variety of reasons, including to: address costs that are  
7 hard to forecast or arise from extraordinary and unanticipated events;  
8 implement legislative mandates or unique ratemaking mechanisms; and  
9 encourage utility or customer behavior consistent with regulatory policy.<sup>3</sup>

10 Although the size of the proposed deferral does not represent a material  
11 financial risk to the Company, this deferral does encourage utility behavior that  
12 is consistent with multiple Western regional regulatory policy goals such as the  
13 development and implementation of cost-effective ways to integrate renewable  
14 generation.

15 Consideration of the above principles, taken along with the fact that this  
16 deferral meets the statutory requirement of ORS 757.259(2)(e) in that it is  
17 intended to appropriately match the costs borne by and benefits received by  
18 ratepayers, support Staff's conditional recommendation.

19 **Q. Please specify the conditions on which your recommendation relies.**

- 20 A. 1. The deferral should be limited to specific costs that were incurred on or after  
21 the date of the deferral filing.

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<sup>2</sup> See Order No. 05-1070, page 1, and, I. Statutory Requirements for Deferrals, Conclusions, page 5.

<sup>3</sup> Ibid., page 2.

1 2. Prior to amortization, the Company should facilitate a review of the deferred  
2 costs by the parties for prudence, and a review of the accounting methodology  
3 for accuracy to ensure that the final calculated amounts are correct.

4 **Q. When does Pacific propose to place the deferred costs in rates?**

5 A. At the time of its next general rate case.

6 **Q. Do you agree with the timing Pacific proposes?**

7 A. No. As discussed in Staff/100, Andrus/9 at 7-15, Pacific proposes to  
8 collaborate with the parties to establish a balancing account or other  
9 mechanism to record customer benefits and variable costs. I recommend that  
10 amortization of this deferral be delayed until such a mechanism that aligns the  
11 deferred costs with customer benefits has been approved by the Commission.  
12 I further recommend that the Commission establish a requirement that directs  
13 Pacific to file a request to close the deferral account and begin amortization of  
14 the prudently incurred deferred costs and prudently incurred future annual  
15 O&M costs through this future mechanism so that the impact of interest  
16 associated with the deferral is minimized.

17 **Q. Is the matching of costs and benefits an important principle to consider  
18 during a decision of whether to allow amortization of this deferral?**

19 A. Yes. This principle is critical as it is the legal foundation on which this deferral  
20 application is based.

21 **Q. Are there other issues you would like to address in this testimony?**

22 A. Staff anticipates that other parties to this docket may raise additional issues,  
23 including the treatment of costs and benefits related to Pacific's participation in

1           the EIM. Staff reserves the opportunity to respond in Staff's reply testimony to  
2           any additional issue presented by an intervening party.

3       **Q. Does this conclude your direct testimony?**

4       A. Yes.

5

CASE: UM 1689  
WITNESS: DEBORAH GARCIA

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 201**

**Witness Qualification Statement**

**June 23, 2014**



**WITNESS QUALIFICATIONS STATEMENT**

NAME: DEBORAH A. GARCIA

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: SENIOR REVENUE REQUIREMENT ANALYST

ADDRESS: 3930 FAIRVIEW INDUSTRIAL DR SE, SALEM, OREGON 97302-1166

**EDUCATION:**

- o Western Utility Rate School, San Diego, California. (2002)
- o The Center for Public Utilities at New Mexico University and the National Association of Regulatory Commissioners' Annual Regulatory Studies Program. (2000 Electric & 2004 Natural Gas)
- o National Association of Regulatory Utility Commissioners' Annual Regulatory Studies Program at Michigan State University. (2000)
- o Certificate in Mediation Training (1994)
- o College-level coursework in financial accounting, business law, business management, and economics.

**WORK EXPERIENCE:**

- o Sr Revenue Requirement Analyst --Public Utility Commission of Oregon - Lead accounting witness for revenue requirement in various proceedings. (2007 - present)
- o Utility Analyst -- Public Utility Commission of Oregon - Focus on utility policies, natural gas purchased gas adjustment issues, utility territory allocation issues, consumer issues, tariff review, promotional concessions, rate case review & witness, and rulemakings. (2002 - 2007)
- o Research Analyst -- Public Utility Commission of Oregon - Focus on SB 1149 implementation, rulemaking, various utility and electric service supplier policies, including certification of electric service suppliers, tariff review, rate case review & witness. (2000 -2002)
- o Compliance Specialist -- Public Utility Commission of Oregon--Handled consumer complaints, liaison between the public, regulated utilities and various Commission staff, reviewed proposed tariffs, administrative rules, and policies with an emphasis on potential impact to consumers. Identified trends, services, and policies where no statute, rule or precedent applied and recommended appropriate action. (1992 - 2000)

CERTIFICATE OF SERVICE

UM 1689

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 23rd day of June, 2014 at Salem, Oregon



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UM 1689  
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