

June 9, 2017

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

Re: UM 1794—PacifiCorp’s Reply Comments

PacifiCorp d/b/a Pacific Power (PacifiCorp) submits these reply comments as permitted by the Public Utility Commission of Oregon (Commission) in Order No. 17-176. PacifiCorp supports the Commission’s preference to close this docket. In comments, Commission Staff (Staff) also supported closure, stating that “it is a better use of parties’ time to examine pertinent data holistically in PacifiCorp’s 2017 Integrated Resource Plan (IRP)” and “given the complexity of the issues presented in this docket, it is unlikely that they can be finally resolved before September 2017.”¹ PacifiCorp agrees with Staff’s reasoning and recommendation.

The Renewable Energy Coalition (REC), the Community Renewable Energy Association (CREA), and Renewable Northwest argue that this docket should remain open and that the Commission should either make a determination now—without any evidence in this docket—that the renewable deficiency date should be changed to 2020, or fully litigate this foundational issue in less than two months while leaving all other inputs stale from the 2015 IRP. Such a request is unreasonable and should be rejected for the following reasons:

- The determination of sufficiency/deficiency is properly developed, vetted, and acknowledged in the IRP proceeding over a nearly two-year period, and litigating only the renewable resource deficiency period would not actually limit this proceeding in any meaningful way;
- Contrary to REC and CREA’s assertion, Oregon qualifying facility (QF) energy does not diminish the opportunity to acquire cost-effective new wind identified in the 2017 IRP—a misunderstanding that highlights the need to vet the IRP in the proper proceeding;
- Changing only the renewable resource deficiency period to 2020 based on an inaccurate understanding of the 2017 IRP while leaving all other inputs stale from the 2015 IRP would undoubtedly lead to inaccurate avoided cost prices;
- REC and CREA’s proposed schedule to fully litigate resource sufficiency/deficiency in less than two months is unreasonable and likely not even possible; and
- REC and CREA inappropriately submitted response testimony, disregarding the Commission’s narrow request for comments regarding the future of this proceeding.

¹ Public Utility Commission of Oregon Staff Comments at 1.

I. ARGUMENT

A. The determination of the sufficiency/deficiency demarcation is properly developed, vetted, and acknowledged in the IRP proceeding

PacifiCorp agrees with Staff that it is a better use of time to examine avoided cost inputs more holistically in the 2017 IRP proceeding, which is consistent with the Commission's established process. As discussed in PacifiCorp's June 2, 2017 comments, the IRP is the appropriate forum to resolve important inputs into a utility's avoided cost prices. The Commission has stated that the IRP, with its extensive public review, is the proper forum for resolving resource sufficiency issues.²

REC and CREA point to PacifiCorp's 2017 IRP as the reason to immediately alter the renewable resource deficiency period, but this is based on an inaccurate understanding of the 2017 IRP and Oregon QFs' ability to actually defer any new wind resources. With the 2017 IRP proceeding currently underway, it makes little sense to circumvent that proceeding and prematurely make a determination regarding the renewable resource deficiency. Such a process is unnecessary when, assuming a fully litigated case could somehow conclude in less than two months, the rates set in this proceeding would be almost immediately rendered moot by PacifiCorp's post-IRP acknowledgment update.

Keeping this docket open would mean litigating an avoided cost update that was originally based on the 2015 IRP in parallel with the 2017 IRP proceeding. Litigating an avoided cost proceeding based on the 2015 IRP concurrently with the 2017 IRP proceeding would certainly cause challenges when defining the proper scope of this proceeding and, as discussed in PacifiCorp's June 2, 2017 comments, would not be an efficient use of resources. Such a process would be contrary to the Commission's "long-standing established regulatory process" for avoided cost update,³ including the sequential nature of reviewing avoided cost updates after the IRP process.

B. Limiting the scope to only the renewable resource deficiency period would not actually limit this proceeding in any meaningful way

REC and CREA claim that less than two months is a sufficient timeframe to litigate the renewable resource sufficiency/deficiency demarcation outside of the IRP proceeding. They attempt to appear reasonable by limiting this proceeding to a single issue. They then use this "limited" scope to propose a schedule to complete a fully litigated contested case proceeding in less than two months. However, it takes nearly two years to develop and vet the IRP, which forms the basis for the resource sufficiency/deficiency demarcation. Any claim that this

² *Investigation into Determination of Resource Sufficiency, Pursuant to Order No. 06-538*, Docket No. UM 1396, Order No. 10-488 at 8 (Dec. 22, 2010).

³ *See Investigation into Qualifying Facility Contracting and Pricing*, Docket No. UM 1610, Order No. 16-174 at 14-15 (May 13, 2016).

proceeding would somehow be limited by only addressing this single issue is not an accurate representation of the scope of the renewable resource deficiency determination.

C. Contrary to REC and CREA’s assertion, Oregon QF energy does not diminish the opportunity to acquire cost-effective new wind identified in the 2017 IRP, and this misunderstanding underscores the need to vet these issues in the IRP proceeding

REC and CREA cite the upcoming request for proposals (RFP) as the reason to abandon the Commission’s established process for addressing renewable sufficiency/deficiency period in the current IRP proceeding and take extraordinary measures to update the renewable deficiency period now without any vetting or process. REC and CREA’s misunderstanding of the 2017 IRP underscores the exact reason to vet the IRP in a docketed proceeding.

REC and CREA misstate Oregon QFs’ ability to defer the planned 1,100 megawatts of Wyoming wind resources in the preferred portfolio that will be the subject of the RFP. The 1,100 megawatts of new production-tax-credit-eligible Wyoming wind resources added in 2021 (as a proxy for December 31, 2020) is tied to the Aeolus to Bridger/Anticline transmission line (Energy Gateway Sub-Segment D2). The new wind and transmission associated with this project provides all-in economic benefits to PacifiCorp customers in all jurisdictions. Therefore, QF projects that would not interconnect with or use PacifiCorp’s Wyoming transmission system to deliver energy and capacity in this timeframe would not partially displace or defer any of the 1,100 MW of new wind associated with the project. So long as the new wind and transmission provides net benefits to retail customers, PacifiCorp would pursue these projects even if new QF projects were added to the system in Oregon.

D. It would be improper to update the renewable resource deficiency period now without presenting any evidence in this contested case proceeding and in complete disregard to the ongoing 2017 IRP proceeding

REC and CREA seek to disregard the 2017 IRP as the appropriate forum to vet issues of resource sufficiency/deficiency, arguing that the Commission should immediately change the renewable resource deficiency period outside the IRP proceeding. In disregarding the Commission’s established process, REC and CREA claim that the Commission “has been presented with overwhelming evidence” that warrants immediately modifying the renewable deficiency period.⁴ Such evidence is certainly not found in this contested case proceeding⁵—only PacifiCorp has filed testimony, in October 2016. REC and CREA look to the 2017 IRP, an ongoing proceeding, to justify action in this separate contested case proceeding.

⁴ Community Renewable Energy Association and Renewable Energy Coalition Comments at 1.

⁵ See ORS 756.558(2) (requiring the Commission to decide contested cases based “upon evidence received in the matter.”); see also Commission Internal Operating Guidelines, Order No. 14-358, Docket No. UM 1709, Appendix A at 7 (“In contested cases, the Commission must base its decisions exclusively on an evidentiary record developed in a trial-like proceeding.”)

E. REC and CREA’s proposal to limit this proceeding to address renewable resource deficiency, while leaving all other inputs significantly outdated, would undoubtedly lead to inaccurate avoided cost prices

Updating only the renewable sufficiency/deficiency demarcation while leaving all other inputs stale from the 2015 IRP would undoubtedly lead to inaccurate avoided cost prices. The Commission is required to establish avoided cost prices that are just and reasonable, non-discriminatory, and do not exceed the utility’s avoided cost.⁶ “Avoided cost” is the cost that the utility would have paid for the capacity and energy obtained from the QF if the utility had purchased the capacity and energy from another source or generated the power itself.⁷ The avoided cost standard is intended to ensure that utility customers are indifferent to the utility’s purchase of QF power, and the avoided cost requirement ensures that QFs are not subsidized at customers’ expense.

REC and CREA’s attempts to only update the renewable resource deficiency period while leaving all other inputs stale is analogous to REC and CREA’s failed attempts to compel PacifiCorp to update only certain inputs to its 2015 IRP in this litigated proceeding. The administrative law judge (ALJ) already rejected these attempts during a discovery dispute, and the Commission affirmed this ruling. The ALJ denied REC’s request to compel PacifiCorp to perform only certain updates to its 2015 IRP while leaving all other inputs stale, noting that the vetting in this proceeding “should be done in a manner that provides for a consistent set of data and methodology.”⁸ The Commission later affirmed that ruling and rejected REC’s arguments that changed circumstances required new assumptions for only some variables without revising all inputs.⁹

This attempt to update only the renewable resource deficiency period is even more egregious than what the ALJ and Commission already rejected. Under REC’s and CREA’s recommendation, cost and performance for the renewable resource proxy would be based on assumptions from the 2015 IRP, developed in 2014, while the renewable resource deficiency period would be based on an inaccurate understanding of the 2017 IRP. Limiting the scope of this proceeding to just the renewable resource deficiency period while leaving all other inputs stale from the 2015 IRP will not produce accurate avoided cost prices.

F. REC and CREA’s proposed schedule is completely unreasonable and likely not even possible

REC and CREA proposed a procedural schedule that would complete a fully litigated contested case proceeding in less than two months. REC and CREA’s schedule would give PacifiCorp eight business days for responsive testimony, completely eliminate prehearing briefing, and provide just five business days for post-hearing briefs. In contrast, before REC and CREA

⁶ See 16 U.S.C. §§ 824a-3(b), (d).

⁷ 18 C.F.R. § 292.101(b)(6).

⁸ Nov. 18 Ruling at 2.

⁹ Order No. 17-121 at 7.

sought suspension, the *expedited* procedural schedule was expected to conclude in seven months. The ALJ established the procedural schedule in September 2016, which began with PacifiCorp's opening testimony filed October 2016 and included a target order date of April 19, 2017. It was anticipated that this proceeding would conclude before PacifiCorp filed its annual May 1 update. Two months to litigate this proceeding in any meaningful way is simply not possible, particularly when PacifiCorp is also expending significant resources on its 2017 IRP proceedings in multiple states.

As PacifiCorp noted in its June 2, 2017 comments, REC and CREA sought suspension of this already expedited procedural schedule. These parties also knew or should have known that compromising the procedural schedule and April 19, 2017 target order date carried certain risks. It is not reasonable, after compromising the original schedule, to now require Staff, PacifiCorp, parties and the Commission to devote significant resources to fully litigate and make a determination in this proceeding in less than two months.

G. REC and CREA disregarded the Commission's request for comments regarding closure, and inappropriately submitted response testimony

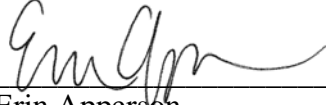
REC and CREA ignored the current procedural posture of this proceeding and submitted response testimony with their comments on May 30, 2017. The purpose of filing response testimony from four different witnesses is presumably to show how much effort has gone into this proceeding. However, REC and CREA should have understood the inherent risk in seeking suspension of the procedural schedule, particularly when the original schedule was intended to conclude before PacifiCorp's annual May 1 update. REC and CREA's choice to retain consultants and also spend significant resources litigating discovery disputes was ultimately a strategy decision, the consequence of which is that this proceeding has been delayed and subsequently overtaken by PacifiCorp's May 1 update and will soon be rendered moot by the post-IRP acknowledgement filing.

II. CONCLUSION

PacifiCorp supports closure of this docket to allow parties to focus on the 2017 IRP proceeding and subsequent post-IRP acknowledgment avoided cost update. The IRP is the proper forum to vet the renewable resource sufficiency/deficiency demarcation, and any proposal to update only certain assumptions would undoubtedly lead to inaccurate avoided cost prices.

UM 1794
Public Utility Commission of Oregon
June 9, 2017
Page 6

Respectfully submitted this 9th day of June, 2017.



Erin Apperson
Attorney
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232-2135
Phone: (503) 813-6642
erin.apperson@pacificorp.com

CERTIFICATE OF SERVICE

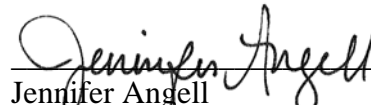
I certify that I served a true and correct copy of PacifiCorp's **Reply Comments** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

Service List UM 1794

CREA UM 1794	
GREGORY M. ADAMS (C) RICHARDSON ADAMS, PLLC PO BOX 7218 BOISE ID 83702 greg@richardsonadams.com	BRIAN SKEAHAN CREA PMB 409 18160 COTTONWOOD RD SUNRIVER OR 97707 brian.skeahan@yahoo.com
OSEIA	
JEFF BISSONNETTE OREGON SOLAR ENERGY INDUSTRIES ASSOCIATION PO BOX 14927 PORTLAND OR 97293-0927 jeff@oseia.org	ERICA NIST-LUND OSEIA erica@oseia.org
PACIFICORP UM 1794	
PACIFICORP, DBA PACIFIC POWER 825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 oregondockets@pacificorp.com	R. BRYCE DALLEY PACIFIC POWER 825 NE MULTNOMAH ST., STE 2000 PORTLAND OR 97232 bryce.dalley@pacificorp.com
ERIN APPERSON PACIFIC POWER 825 NE MULTNOMAH STE 800 PORTLAND OR 97232 erin.apperson@pacificorp.com	ETTA LOCKEY PACIFIC POWER 825 NE MULTNOMAH ST., STE 2000 PORTLAND OR 97232 etta.lockey@pacificorp.com
REC	
JOHN LOWE RENEWABLE ENERGY COALITION 12050 SW TREMONT ST PORTLAND OR 97225-5430 jravenesanmarcos@yahoo.com	IRION A SANGER (C) SANGER LAW PC 1117 SE 53RD AVE PORTLAND OR 97215 irion@sanger-law.com
SIDNEY VILLANUEVA (C) SANGER LAW, PC 1117 SE 53RD AVE PORTLAND OR 97215 sidney@sanger-law.com	

RENEWABLE NW	
RENEWABLE NORTHWEST 421 SW 6TH AVE., STE. 1125 PORTLAND OR 97204 dockets@renewablenw.org	DINA DUBSON KELLEY (C) RENEWABLE NORTHWEST 421 SW 6TH AVE STE 1125 PORTLAND OR 97204 dina@renewablenw.org
SILVIA TANNER (C) RENEWABLE NORTHWEST 421 SW 6TH AVE, STE 1125 PORTLAND OR 97204 silvia@renewablenw.org	
STAFF UM 1794	
BRITTANY ANDRUS (C) PUBLIC UTILITY COMMISSION OF OREGON PO BOX 1088 SALEM OR 97308-1088 brittany.andrus@state.or.us	STEPHANIE S ANDRUS (C) PUC STAFF--DEPARTMENT OF JUSTICE BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us
NOLAN MOSER (C) PUBLIC UTILITY COMMISSION OF OREGON PO BOX 1088 SALEM, OR 97308 nolan.moser@state.or.us	

Dated this 9th day of June, 2017.



 Jennifer Angell
 Supervisor, Regulatory Operations