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August 22, 2017

## *Via Electronic Filing*

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
Salem OR 97301

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON,  
Investigation to Examine PacifiCorp, dba Pacific Power's Non-Standard Avoided  
Cost Pricing  
**Docket No. UM 1802**

Dear Filing Center:

Please find enclosed the Cross-Answering Testimony of Bradley G. Mullins on  
behalf of the Industrial Customers of Northwest Utilities.

Thank you for your assistance. If you have any questions, please do not hesitate  
to call.

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1802**

In the Matter of )  
)  
PUBLIC UTILITY COMMISSION OF )  
OREGON, )  
)  
Investigation to Examine PacifiCorp, dba )  
Pacific Power's Non-Standard Avoided Cost )  
Pricing. )

**CROSS-ANSWERING TESTIMONY OF BRADLEY G. MULLINS  
ON BEHALF OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES**

**August 22, 2017**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Bradley G. Mullins, and my business address is 333 SW Taylor Street, Suite 400,  
3 Portland, Oregon 97204. I previously provided Reply and Response Testimony in this docket  
4 on behalf of the Industrial Customers of Northwest Utilities (“ICNU”).

5 **Q. WHAT IS THE PURPOSE OF YOUR CROSS-ANSWERING TESTIMONY?**

6 A. I respond briefly to a discrete issue within the Response Testimony of Brittany Andrus of  
7 Public Utility Commission of Oregon (the “Commission”) Staff, filed August 14, 2017.

8 **Q. DO YOU AGREE WITH STAFF’S “ISSUE 1” POSITION, AS TO THE**  
9 **APPROPRIATE UM 1802 DOCKET SCOPE?**

10 A. No. According to Ms. Andrus, “Staff believes that the question of whether a renewable  
11 resource is procured because it is the most cost-effective, or procured to meet the RPS is out of  
12 scope in Docket No. UM 1802.”<sup>1/</sup> As Staff recognizes, however, the Commission originally  
13 stated that the purpose of this docket is “... to examine *whether* PacifiCorp’s nonstandard  
14 avoided cost pricing should include a renewable price option, and if so, *how* that renewable  
15 price option should be calculated.”<sup>2/</sup> ICNU believes that such an examination can only be  
16 appropriately conducted by considering fundamental resource procurement issues.

17 **Q. PLEASE EXPLAIN.**

18 A. The questions of “whether” and “how” avoided cost pricing streams should be calculated,  
19 which form the basis for this docket, are integrally related to the concern shared by ICNU and  
20 PacifiCorp (or the “Company”) alike: “... that the Public Utility Regulatory Policies Act of  
21 1978 does not provide for Qualifying Facility (“QF”) avoided cost pricing in excess of the

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<sup>1/</sup> Staff/200 at 4:5-7.

<sup>2/</sup> Id. at 4:9-12 (quoting Order No. 16-429 at 1) (emphasis added).

1 Company's true avoided costs."<sup>3/</sup> But, to reasonably determine the Company's true avoided  
2 costs, a determination must first be made as to QF "pricing that accurately reflects the presence  
3 of displaced 'needs,'"—which, in turn, implicates the circumstances presented by the  
4 Company's 2017 Integrated Resource Plan ("IRP") action plan, including "near-term capacity  
5 investments that are not driven by reliability, RPS, or load-service *needs*."<sup>4/</sup>

6 In fact, my understanding of proper docket scope seems consistent with Ms. Andrus's  
7 later statement that, "[t]o accomplish the objective of this docket, Staff believes two issues  
8 must be addressed: ... how to calculate the avoided cost and capacity of the deferred resource  
9 as applied to the individual QF."<sup>5/</sup> While Staff is correct that the Commission recently decided  
10 to prospectively address "[t]he avoided cost implications where a utility is pursuing near-term  
11 capacity investments that are not driven by reliability, renewable portfolio standard (RPS), or  
12 load-service needs,"<sup>6/</sup> such consideration has yet to occur. Accordingly, until the Commission  
13 renders a definitive policy guideline on the issue (which is by no means certain), parties to this  
14 proceeding must appropriate and fully consider all pertinent avoided cost implications.

15 **Q. WHEN PROPERLY CONSIDERING THE FULL SCOPE OF THE COMPANY'S**  
16 **RENEWABLE RESOURCE PROCUREMENT PLANS, WHAT IS YOUR**  
17 **RECOMMENDATION?**

18 A. As noted in my Response Testimony, "[t]he problem at this juncture is that we do not yet know  
19 ultimately what will transpire with the wind resources in the Company's 2017 IRP."<sup>7/</sup>

20 Likewise, "... it is not yet determined at what price the Company will be able to acquire the

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<sup>3/</sup> ICNU/200 at 2:17-19 (citing PAC/200 at 3:8-4:9).

<sup>4/</sup> *Id.* at 3:1-5 (quoting PAC/200 at 5:1-3) (emphasis added).

<sup>5/</sup> Staff/200 at 4:14-19.

<sup>6/</sup> *Id.* at 5:12-14 (quoting Order No. 17-239).

<sup>7/</sup> ICNU/200 at 4:2-3.

1 new wind resources, as the request for proposal (“RFP”) process associated with the new wind  
2 resources will not be completed for some time.”<sup>8/</sup> Thus, I continue to “... recommend that the  
3 Commission keep the current pricing stream in place for renewable fixed avoided cost prices,  
4 with a 2028 RPS deficiency period. Once there is greater clarity surrounding the new wind in  
5 the Company’s IRP, the pricing stream may be revisited at that time.”<sup>9/</sup>

6 **Q. DOES THIS CONCLUDE YOUR CROSS-ANSWERING TESTIMONY?**

7 A. Yes.

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<sup>8/</sup> Id. at 4:8-10.

<sup>9/</sup> Id. at 4:16-19.