

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 323

PACIFICORP

PAC/1112

Scope of Proposed TAM Workshop

August 29, 2017



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VIA ELECTRONIC MAIL

Travis Ritchie
Sierra Club Environmental Law Program
2101 Webster Street, Suite 1300
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**Re: UE 323– In the Matter PACIFICORP, dba PACIFIC POWER, 2018 Transition
Adjustment Mechanism**

Dear Travis:

Attached is a document outlining the scope of the workshop PacifiCorp proposes to hold to address the issues raised in this docket regarding long-term coal contracts and including variable O&M in the Company's net power cost modeling. PacifiCorp agrees to present this workshop proposal to the Commission in its post-hearing briefs in this case, and agrees to adhere to it unless the Commission orders a different resolution of these issues in its final order.

I understand that Sierra Club supports this workshop proposal. I also understand that, for purposes of this docket only, PacifiCorp's workshop proposal resolves the adjustments and recommendations in Sierra Club's testimony.

Very truly yours,



Katherine McDowell

Attachment

SCOPE OF WORKSHOP ON LONG-TERM COAL CONTRACTS AND INCLUDING VARIABLE O&M IN OREGON TAM

Oregon Docket UE 323, August 29, 2017

In surrebuttal testimony, PacifiCorp stated it was amenable to holding a workshop to discuss PacifiCorp's coal procurement practices, and that this would be more effective than a written report in conveying information to the parties. PacifiCorp also agreed to a workshop to review the inclusion of variable Operations and Maintenance costs (O&M) in net power cost (NPC) modeling in GRID, and how to reflect these costs in rates.

PacifiCorp proposes to work with interested parties to determine a mutually convenient time in early 2018 to hold a workshop on these issues. PacifiCorp will facilitate a general discussion and provide initial presentations that address the following issues:

- 1) PacifiCorp's process by which the terms and conditions of long-term coal contracts are developed, negotiated and approved, and how the company accounts for plant fuel requirements when negotiating long-term contracts or coal mine investment decisions.
- 2) PacifiCorp's process for managing risk in long-term coal contracts related to: (a) price; (b) contract length; (c) minimum take provisions; (d) liquidated damages; and (e) changing electricity market conditions.
- 3) How long-term coal contract provisions impact dispatch decisions in GRID, commitment decisions, and long-term system modeling decisions.
- 5) How (a) long-term coal contracts, (b) fuel transportation contracts, and (c) spot market coal fuel purchases are each reviewed before the Public Utility Commission of Oregon.
- 6) The potential development of a method to reflect variable O&M in NPC, including classification of which O&M costs should be treated as variable and the treatment of variable O&M in rates.