# Davison Van Cleve PC

# Attorneys at Law

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May 10, 2006

## Via Electronic and U.S. Mail

**Public Utility Commission** Attn: Filing Center 550 Capitol St. NE #215 P.O. Box 2148 Salem OR 97308-2148

> In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Re:

Staff's Investigation Related to Electric Utility Purchases from

Qualifying Facilities. Docket No. UM 1129

Dear Filing Center:

Enclosed please find an original and six copies of the Motion to Admit Testimony and Exhibits and Additional Exhibits 308-310, as well as an original and two copies of the Affidavit of R. Thomas Beach on behalf of Weyerhaeuser and the Industrial Customers of Northwest Utilities in the above-captioned docket.

Please return one file-stamped copy of the document in the self-addressed, stamped envelope provided. Thank you for your assistance.

Sincerely yours,

/s/ Anna E. Studenny Anna E. Studenny

Enclosures

Service List cc:

#### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the Motion to Admit Testimony and Exhibits and Additional Exhibits 308-310, as well as an original and two copies of the Affidavit of R. Thomas Beach on behalf of Weyerhaeuser and the Industrial Customers of Northwest Utilities upon the parties, shown below, on the official service list by causing the foregoing document to be deposited, postage-prepaid, in the U.S. Mail, or by service via electronic mail to those parties who waived paper service.

DATED at Portland, Oregon, this 10th day of May, 2006.

DAVISON VAN CLEVE, P.C.

/s/ Anna E. Studenny Anna E. Studenny

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## BEFORE THE PUBLIC UTILITY COMMISSION

## **OF OREGON**

#### UM 1129

In the Matter of the	)	
	)	MOTION TO ADMIT TESTIMONY
PUBLIC UTILITY COMMISSION OF	)	AND EXHIBITS OF WEYERHAEUSER
OREGON	)	COMPANY AND THE INDUSTRIAL
	)	CUSTOMERS OF NORTHWEST
Staff's Investigation Related to Electric Utility	)	UTILITIES
Purchases from Qualifying Facilities.	)	
	)	

Pursuant to the Administrative Law Judge's April 27, 2006 Memorandum,
Weyerhaeuser Company and the Industrial Customers of Northwest Utilities ("ICNU") hereby
move the Commission for an Order admitting the testimony and exhibits sponsored by R.

Thomas Beach in this proceeding. Mr. Beach filed direct testimony and exhibits (Weyerhaeuser-ICNU/300-303) on February 27, 2006, and rebuttal testimony and exhibits (Weyerhaeuser-ICNU/304-307) on April 7, 2006. An errata page to Mr. Beach's rebuttal testimony was filed on
May 5, 2006. Mr. Beach's affidavit concerning his testimony and exhibits is attached to this
motion.

Furthermore, Weyerhaeuser Company and ICNU hereby move for the admission of additional exhibits consisting of data responses provided by PacifiCorp, Portland General Electric Company, and Idaho Power Company to Weyerhaeuser Company and ICNU in this proceeding. The utilities do not oppose the submission of their respective data responses into the record. These exhibits are identified as Weyerhaeuser-ICNU/308-310 and are attached to this motion.

PAGE 1 – MOTION TO ADMIT TESTIMONY AND EXHIBITS OF WEYERHAEUSER COMPANY AND THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

Dated this 10th day of May, 2006.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Irion Sanger

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# Weyerhaeuser-ICNU/308

PacifiCorp Responses to ICNU Data Requests

UM-1129/PacifiCorp March 17. 2006 ICNU 11<sup>th</sup> Set Data Request 11.5

# **ICNU Data Request 11.5**

Regarding PPL/404, Griswold/6, please provide an example of how PacifiCorp has adjusted, or would adjust, a QF contract for dispatchability and/or reliability.

# Response to ICNU Data Request 11.5

See Attachment ICNU 11.5 which contains a spreadsheet with the calculation for dispatchability adjustment.

# **OREGON**

# ELECTRIC UTILITY PURCHASES FROM QUALIFYING FACILITIES

**UM-1129** 

PACIFICORP

ICNU 11<sup>th</sup> SET DATA REQUEST

ATTACHMENT ICNU 11.5

Deserver OF Contract
Section 4.2 Monthly Availability Factor Example

QF is 50MW thermal cogeneration plant

Attachment ICNU 11.5

Comments									Scheduled Maintenance	Scheduled Maintenance	Scheduled Maintenance																						85.8% Monthly Average
Availability	Ⅱ	100%	100%	%96	%86	%09	%02					100%	%86	%0		94%	100%	40%	94%	%06	100%		100%	80%	80%	80%	100%	80%		100%	100%	100%	85.8%
QF Delivered	Ⅱ	20	20	48	49	30	35					50	49	0		47	50	20	47	45	20		20	40	40	40	50	40		20	20	50	43
Prescheduled	Ή	20	50	20	50	20	50					50	20	20		20	20	20	20	50	50		50	50	20	20	50	50		50	20	20	90
Ω.	Day	-	7	က	4	5	9	7	∞	თ	10	12	12	13	4	15	16	16	<del>2</del>	19	20	21	22	23	54	22	56	27	28	59	9	31	
	Date	Mon, May 01, 2006	Tue, May 02, 2006	Wed, May 03, 2006	Thu, May 04, 2006	Fri, May 05, 2006	Sat, May 06, 2006	Sun, May 07, 2006	Mon, May 08, 2006	Tue, May 09, 2006	Wed, May 10, 2006	May 11,	Fri, May 12, 2006	Sat, May 13, 2006	Sun, May 14, 2006	May 15,	Tue, May 16, 2006	May 17,	Thu, May 18, 2006	Fri, May 19, 2006	Sat, May 20, 2006	Sun, May 21, 2006	Mon, May 22, 2006	Tue, May 23, 2006	Wed, May 24, 2006	May 25,	May 26,	Sat, May 27, 2006	May	Mon, May 29, 2006	Tue, May 30, 2006	Wed, May 31, 2006	

File: Attach ICNU 11.5.xls / Monthly Availability Factor 3/17/2006 / 2:11 PM page 1 of 1

# ICNU Data Request 11.17

Regarding PPL/404, Griswold/23, please identify the name, type, size and location of all buy-all/sell-all, and net output sales QF contracts that PacifiCorp has entered into since 1990.

# Response to ICNU Data Request 11.17

See attached spreadsheet, Attachment ICNU 11.17.

# **OREGON**

# ELECTRIC UTILITY PURCHASES FROM QUALIFYING FACILITIES

**UM-1129** 

PACIFICORP

ICNU 11<sup>th</sup> SET DATA REQUEST

ATTACHMENT ICNU 11.17

page 1 of 1

PacifiCorp QF Power Purchase Agreements since 1990

PPA option	Buy All/Sell All	Buy All/Sell All	Buy All/Sell All	Buy All/Sell All	Buy All/Sell All	Excess of Load	Excess of Load	Excess of Load	Excess of Load												
Size (kW)	006	848	80	125	950	36,000	475	295	1,400	150	25,000	95,000	31,800	200 200	11,200	3,000	107,400	100	511	1,600	25,000
													2 <i>,</i> 80	: E/ſ	JN		-16	sn	ગુક	үлә	Weye
Contract	Com. Energy Mgmt	Rickreall Dairy	Ballard Hog Farm	Wadeland South	Weber County	US Magnesium	Thayn Hydro	Alta Energy	Hill AFB	Sunderland Dairy	Tesoro (1)	Desert Power	Kennecott Utah Copper	City of Buffalo	Simplot Phosphates (SF Phosphates)	Shoshone Irrigation	ExxonMobil	Quail Mountain	Draper Irrigation Company	Davis County Waste	Tesoro (1)
St.	₽	OR	L L	H	5	5	5	5	L)	h	ħ	5	5	≶	⋛	⋛	⋛	OR	5	H	5
Туре	Hydro	Biogas	Biogas	Biogas	Biogas	Gas	Hydro	Hydro	Biogas	Biogas	Cogen	Cogen	Cogen	Hydro	Gas	Hydro	Cogen	Solar	Hydro	Gas	Cogen
Line No.	-	2	ო	4	ა	9	7	8	თ	10	7	12	13	14	15	16	17	18	19	20	21

# ICNU Data Request 11.20

Regarding PPL/404, Griswold/24-25, how frequently does PacifiCorp intend to have competitive bids that 100 MW or larger QFs can participate in?

# Response to ICNU Data Request 11.20

The frequency of the Company's competitive bid process is driven by the Company's Integrated Resource Plan.

UM-1129/PacifiCorp March 17. 2006 ICNU 11<sup>th</sup> Set Data Request 11.26

# **ICNU Data Request 11.26**

Regarding PPL/404, Griswold/27, please provide the methodology that PacifiCorp proposes to utilize to adjust large QFs avoided costs for debt imputation.

# Response to ICNU Data Request 11.26

In the event that PacifiCorp incurs a cost due to debt imputation of a specific large QF project, the implicit debt cost would be separate from the avoided cost pricing process and included in the power purchase agreement as a monthly line-item adjustment to the QF payment rather than embedded in the proxy stage of the avoided cost pricing process.

# ICNU Data Request 13.1

Regarding PPL/407, is PacifiCorp's avoided resource a natural gas fired generation unit?

# Response to ICNU Data Request 13.1

Yes, the proxy unit in existing rates is based on a natural gas fired generation unit.

# ICNU Data Request 13.5

Regarding PPL/900 and PPL/807, Shah/4, please provide the dollar amount of the adverse impacts of QF related debt imputation on PacifiCorp.

# Response to ICNU Data Request 13.5

The Company has not calculated the requested amount. The dollar amount of adverse impacts of QF related debt imputation on PacifiCorp customers should be estimated on a case by case basis, using the methodology described PacifiCorp's Response to ICNU Data Request 11.29.

# ICNU Data Request 13.6

On pages 5-6 of PPL/407, PacifiCorp sets out its methodology for line loss adjustments. Please confirm that this is a "plus or minus" methodology – either the QF is closer to the load center than the proxy resource (and receives a line loss credit), or it is farther away (and receives a debit on its avoided costs due to losses).

# Response to ICNU Data Request 13.6

Yes, as indicated on page 6 of Bruce Griswold's Rebuttal Testimony.

# ICNU Data Request 13.7

If PacifiCorp's avoided proxy resource is in Utah, does PacifiCorp's proposed line loss methodology mean that all Oregon QFs will receive a line loss debit because they are further from the proxy plant than PacifiCorp's Utah load centers? Please explain your response.

# Response to ICNU Data Request 13.7

Yes, the physical proximity of the QF to both the proxy plant and the load center would determine the calculation of the cost or the benefit the QF would be providing to the system. To the extent the Oregon QF is not providing a benefit then the cost of losses would apply.

# **ICNU Data Request 13.8**

Regarding PPL/407, Griswold/5, line 20, what does PacifiCorp mean by "the nearest load center" to the QF?

# Response to ICNU Data Request 13.8

The "nearest load center" refers to any load or an accumulation of load within the closest proximity of the QF generator.

# ICNU Data Request 13.9

What is "the nearest load center" to Weyerhaeuser's Albany Mill in Albany, Oregon?

# Response to ICNU Data Request 13.9

The Weyerhaeuser Albany Paper Mill is in Albany and the surrounding PacifiCorp load in the North Willamette valley.

# ICNU Data Request 13.10

Please explain how the type of power delivered to PacifiCorp (as set forth on page 5, line 21 of PPL/407) affects the proposed line loss adjustment. Provide a quantitative example of an adjustment to line losses based on the type of power provided by the QF.

# Response to ICNU Data Request 13.10

The type of power provided by the QF will determine if a line loss adjustment, both as an increase (cost) or reduction (benefit), is applied. Line loss adjustments will be calculated for a thermal QF that can be scheduled and or dispatched and any replacement power the Company is required to acquire to the extent the QF is scheduled but does not delivered power. In the case of an intermittent resource no line loss adjustment will be provided due to the fact that the energy can not be scheduled or dispatched and does not impose a cost or benefit when compared against the Proxy resource.

The calculation would be based on the physical proximity of the QF to both the proxy resource and the nearest load center.

The preliminary assessment would be based on the physical proximity of the QF to both the Proxy plant and the nearest load center and the voltage level at which the QF would be interconnected to the PacifiCorp system. For those QF projects interconnected at the transmission level, the loss factor percentage would be applied per the then current published PacifiCorp OATT rate, currently 4.5%. In the rare case it is interconnected at the distribution level, the distribution loss percentage would apply. If the QF, or a portion of the QF output has met the line loss applicability then either a credit or debt would be applied to the cost or benefit of the losses.

## Example:

QF proxy unit delivery voltage:tranmmission 138 kV or higher - line losses 4.5%

Actual QF delivery voltage: 11.5kV - line loss equivalent - 6.5%. The benefit is the difference between the 6.5% and 4.5% = 2%

# ICNU Data Request 13.11

Does PacifiCorp consider the generation and wholesale marketing of electricity to be a competitive business (see page 9, line 10 of PPL/407)? Please explain your response in detail.

# Response to ICNU Data Request 13.11

The company considers wholesale marketing of electricity to be a competitive business. The company considers generation owned by a utility to be a regulated business, and generation not owned by a utility to be a competitive business.

# ICNU Data Request 13.12

Assume that a utility files avoided cost rates that reflect a natural gas forecast price of \$4 per MMBtu over the next five years. Assume that these rates are fixed for that five-year period and are not indexed to gas prices. After one year, assume that natural gas prices increase to \$8 per MMBtu for the next four years.

- (a) Does PacifiCorp agree that it will be difficult for gas-fired QFs to develop projects in a world of \$8 gas when the avoided cost rates they will be paid are fixed based on \$4 gas?
- (b) What recourse would gas-fired QFs have to proceed with project development in such a scenario?

# Response to ICNU Data Request 13.12

- (a) For the hypothetical example included in the question this answer would be yes. However, if the Company's actual avoided costs were reflective of \$4/MMBtu gas, it would be in PacifiCorp's customers' interest that the gasfired QF projects not be developed because they would not be economic.
- (b) The QF could request that the utility update avoided cost to reflect current avoided costs. The QF could petition the Commission to order the Company to update avoided cost prices. In addition, the QF always has the option of selling their power on the wholesale market or selling their power as a QF to a different utility.

# ICNU Data Request 13.13

Does PacifiCorp use the wholesale market price for firm energy as its avoided cost during the sufficiency period?

# Response to ICNU Data Request 13.13

Yes, as ordered by the Oregon Commission in this docket (Order No. 05-584 dated May 13, 2005 – page 27), avoided costs during the sufficiency period are based on the Company's forward price curve.

# ICNU Data Request 13.15

If PacifiCorp purchases firm energy from a supplier in the day-ahead market, for delivery the next day. does that supplier have an obligation to deliver to PacifiCorp in the day after next?

# Response to ICNU Data Request 13.15

No. A firm energy supplier has an obligation to supply the power only during the period that they have contracted to supply. If they have not contracted to supply "in the day after next," they do not have an obligation to supply then.

# ICNU Data Request 13.16

Does PacifiCorp include expected day-ahead purchases of firm energy in its load and resource position? If not, why not?

# Response to ICNU Data Request 13.16

No. The company does not include expected day-ahead purchases in its load and resource position because these transactions are used to balance the system. It is not known in advance whether the company will be buying in the system balancing markets. Therefore, the company believes that it is inappropriate to include day-ahead transactions in the load and resource position.

# Weyerhaeuser-ICNU/309

PGE Responses to ICNU Data Requests

March 7, 2006

TO:

Irion Sanger

Davison Van Cleve, P.C.

FROM:

Doug Kuns

Manager, Pricing and Tariffs

# PORTLAND GENERAL ELECTRIC UM-1129 PGE Response to ICNU Data Request 6.1 Dated February 21, 2006 Question 024

# Request:

What percentage of Portland General Electric Company's load is served by QF contracts?

# Response:

Using data from PGE's 2004 FERC Form 1 the percentage of load served by QF generation is approximately 0.49%. This calculation is illustrated by the following table.

2004 PGE FERC Form 1 Line Item	MWh	Source
Sales to Ultimate Consumers	17.764,138	page 301 (d), line 10
Covanta Marion, QF83-118	84,748	Page 327.1 (g). line 7
Lake Oswego Corporation	566	Page 327.3 (g), line 1
Portland, City of, QF 83-448	501	Page 327.4 (g), line 5
Douglas Pegar	525	page 327.6 (g), line 1
Robert Migliori	7	page 327.6 (g), line 2
Von Land Co	191	page 327.6 (g), line 3
Minikahada Hydropower Company	353	page 327.6 (g), line 4
Haiku Software	2	page 327.6 (g), line 5
QF Total MWh	86.893	
QF Percentage of PGE Load	0.49%	

April 21, 2006

TO: Irion Sanger

Davison Van Cleve. P.C.

FROM: Doug Kuns

Manager, Pricing and Tariffs

# PORTLAND GENERAL ELECTRIC UM 1129 PGE Response to ICNU Data Request 8.3 Dated April 11, 2006 Ouestion 036

# Request:

Regarding the rebuttal testimony of Kuns-Sims at 6, please provide the methodology or explain how PGE would "reflect the value of the specific QF project's power supply characteristics consistent with its legally enforceable obligations."

# Response:

See PGE's response to ICNU Data Request No. 031. The value of power supply from a specific QF project would be primarily based on the value of the QF generation compared to the avoided resource.

April 21. 2006

TO:

Irion Sanger

Davison Van Cleve. P.C.

FROM:

Doug Kuns

Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UM 1129
PGE Response to ICNU Data Request 8.5
Dated April 11, 2006
Question 038

# Request:

Regarding the rebuttal testimony of Kuns-Sims at 6, please identify some unique QF project characteristics or contract commitments that will influence the value, risk, and pricing of QF power.

# Response:

See PGE Exhibit /400, Kuns-Sims/11 which refers to the factors affecting rates for purchases as set out by FERC in 18 CFR 292.304 (e). The factors describe power supply characteristics and contract commitments that will influence the pricing of a specific QF's delivered power.

April 21, 2006

TO: Irion Sanger

Davison Van Cleve, P.C.

FROM: Doug Kuns

Manager, Pricing and Tariffs

# PORTLAND GENERAL ELECTRIC UM 1129 PGE Response to ICNU Data Request 8.9 Dated April 11, 2006 Question 042

# Request:

Can PGE provide a statement to a non-standard QF in writing why there is any deviation from the standard avoided costs?

## Response:

PGE does not know the nature of the information the statement is intended to convey, the purpose of the statement or how providing a statement would affect timing for developing a contract, and therefore cannot state a position on the requirements and our ability to provide such a statement.

April 21, 2006

TO: Irion Sanger

Davison Van Cleve, P.C.

FROM: Doug Kuns

Manager, Pricing and Tariffs

# PORTLAND GENERAL ELECTRIC UM 1129 PGE Response to ICNU Data Request 8.10 Dated April 11, 2006 Question 043

# Request:

Can PGE provide a statement to a non-standard QF in writing that has a quantitative basis for all deviations from the standard avoided costs?

## Response:

PGE does not know the nature of the information the statement is intended to convey, the purpose of the statement or how providing a statement would affect timing for developing a contract, and therefore cannot state a position on the requirements and our ability to provide such a statement.

April 27, 2006

TO:

Irion Sanger

Davison Van Cleve, P.C.

FROM:

Doug Kuns

Manager, Pricing and Tariffs

# PORTLAND GENERAL ELECTRIC UM 1129

PGE First Supplemental Response to ICNU Data Request 8.12 Dated April 11, 2006 Question 045

# **Request:**

Regarding the rebuttal testimony of Kuns-Sims at 8, does PGE currently have "flexibility in developing ... non-standard QF contract[s]?" Please explain.

# Response:

PGE's rebuttal testimony at 8 supports the testimony of Weyerhaueser-ICNU that states QFs have unique needs. We support development of Commission policies that recognize the unique OF characteristics with the contracting process and avoided-cost pricing

# First Supplemental Response:

Consistent with 18 C.F.R. Section 292.305, PGE currently has flexibility in developing non-standard QF contracts.

# Weyerhaeuser-ICNU/310

Idaho Power Responses to ICNU Data Requests

## **REQUEST ICNU 5.6:**

Regarding the testimony of Gale-Allphin/9-11. Messrs. Gale and Allphin testify regarding the stochastic IRP model for setting avoided cost rates for large QFs. Please identify the number, size and type of each QF that has entered into a contract with Idaho Power with prices based on this stochastic IRP model.

# IDAHO POWER'S RESPONSE TO REQUEST ICNU 5.6:

Idaho Power has utilized the IRP methodology on several occasions to develop avoided costs for negotiations with potential large QFs. To date Idaho Power has not entered into a contract with a large QF utilizing avoided cost rates determined using the IRP model. Idaho Power is aware that another electric utility in Idaho has utilized purchase prices developed by using the IRP model as the basis for negotiations with a large Idaho-sitused QF that eventually led to a contract with the large QF.

# BEFORE THE PUBLIC UTILITY COMMISSION

## **OF OREGON**

# **UM 1129**

In the Matter of

PUBLIC UTILITY COMMISSION OF OREGON	AFFIDAVIT OF R. THOMAS BEACH
Staff's Investigation Related to Electric Utility) Purchases from Qualifying Facilities.	
I, R. Thomas Beach, being first duly sworn on o	oath, depose and say:
1. My full name is Rodney Thomas	s Beach. I am principal consultant with the firm
Crossborder Energy. I am appearing in this pro	ceeding as a witness for the Industrial Customers
of Northwest Utilities ("ICNU") and Weyerhae	user Company. My business address is: 2560
Ninth Street, Suite 316, Berkeley, California 94	710.
2. The matters set forth below are b	pased on my personal knowledge, and I am
competent to testify to these facts.	
3. I sponsored pre-filed testimony a	and exhibits on behalf of ICNU and
Weyerhaeuser Company in Oregon Public Utili	ty Commission Docket No. UM 1129.
Specifically, my pre-filed direct testimony and	exhibits (Weyerhaeuser-ICNU/300-303) were

4. My testimony and exhibits that were previously filed are true and accurate, and no corrections need to be made. If I were asked the same questions today, my answers would be the same.

filed on February 27, 2006. My pre-filed rebuttal testimony and exhibits (Weyerhaeuser-

on May 5, 2006. Additional exhibits (Weyerhaeuser-ICNU/308-310) consisting of data

responses provided by the utilities are being filed concurrent with this affidavit.

ICNU/304-307) were filed on April 7, 2006. The errata page to my rebuttal testimony was filed

1	I HEREBY DECLARE THAT THE ABOVE STATEMENT IS TRUE TO THE BEST
2	OF MY KNOWLEDGE AND BELIEF, AND THAT I UNDERSTAND IT IS MADE FOR USE
3	AS EVIDENCE AND IS SUBJECT TO PENALTY FOR PERJURY.
4	SIGNED THIS 1st day of May, 2006, at Berkeley, CA.
5	
6	
7	Thomas Deal
8	R. THOMAS BEACH
9	SUBSCRIBED AND SWORN to before me this 1st day of May, 2006.
10	4
11	COLLIN BECKER COMM. # 1406844 =
12	NOTARY PUBLIC FOR CALIFORNIA  ALAMEDA COUNTY  My Comm. Exp. Mar. 25, 2007
13	My Commission Expires: March 25, 2007