

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1396

In the Matter of
PUBLIC UTILITY COMMISSION OF
OREGON
Investigation into Determination of
Resource Sufficiency, pursuant to Order
No. 06-538.

STAFF FINAL COMMENTS

Pursuant to Administrative Law Judge (ALJ) Power's request to receive comments on the revised decision framework for the determination of resource sufficiency pursuant to Order No. 06-538 and to address the recommendation made by ICNU in its initial comments, Staff of the Public Utility Commission of Oregon (Staff) submits the following final comments:

**UM 1396
Resource Sufficiency
Revised Decision Framework
Final Comments**

Staff supports the proposed decision framework and looks forward to working with the utilities and other stakeholders to clarify the issues outlined below prior to implementing this change.

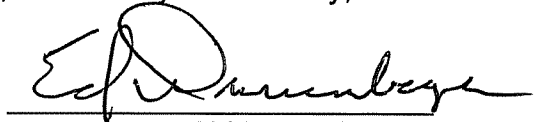
1. Staff agrees with the decision framework's clarification that the determination of resource sufficiency/deficiency should be based on the most recently acknowledged IRP's Action Plan. Staff further proposes that if a utility intends to file new avoided cost rates using an updated Action Plan, that the utility be required to file the updated Action Plan and receive Commission acknowledgement of the plan prior to calculating its new avoided cost rates. This recommended update requirement, although perhaps more restrictive than the update process expressed in the Commission's decision framework, would avert contentious debate over the timing of new resource additions during the short time period parties have to review an avoided cost tariff filing.
2. Staff proposes that the Commission define a utility's "Renewable Deficient Period" as starting at the point in time when a utility's Action Plan includes the acquisition of renewable resources or unbundled renewable energy credits (RECs) to satisfy a future Renewable Portfolio Standard (RPS) requirement.

The Renewable Deficient Period begins the first day of the first year in which the Action Plan indicates renewable resources or RECs are to be acquired. Staff proposes this definition to clarify that a utility may be either fossil fuel sufficient/deficient or they may be renewable deficient or both. On a related point, Staff agrees with the ICNU proposal that a utility will be renewable deficient if the Action Plan calls for the acquisition of renewable resources or RECs anywhere in a multi-state utility's system. New resource costs are allocated across all jurisdictions and Oregon renewable QFs are an efficient way of meeting RPS requirements in all qualifying jurisdictions.

3. Staff proposes the Commission define "Renewable Avoided Costs" as the incremental cost to an electric utility of renewable energy and RECs that the utility would acquire itself or purchase from another source but for the purchase from the Renewable QF. The renewable avoided costs should be based on a wind powered proxy resource. The unit cost of this proxy resource should be determined from the estimated fixed and variable costs and estimated capacity factor used to model wind resources in the utility's IRP. Since the proxy resource includes interconnection costs, Staff proposes that the Commission clarify that renewable avoided costs also include interconnection costs. Since Renewable QFs do not allow the utility to avoid wind integration costs, the renewable avoided costs should not include wind integration costs.
4. Staff believes that the Commission should clarify that the renewable QF's choice is between the standard fossil fuel based avoided cost stream or the alternative renewable based avoided cost stream. Staff interprets the decision framework to provide the renewable QF with a one-time opportunity to choose one or the other avoided cost stream at the time it enters into a long-term power purchase agreement (PPA). It may, if the utility is renewable deficient, select the renewable based avoided costs for the term of the PPA, and will not be eligible for the fossil fuel based avoided costs for the length of the contract. Conversely, a renewable QF can accept the fossil fuel based avoided costs but then it is not eligible for the renewable based avoided costs for the length of the contract.

This concludes staff's final comments on the revised decision framework.

Dated at Salem, Oregon, this 3rd day of February, 2010



Ed Durrenberger
Senior Staff Analyst
Electric and Natural Gas Division
Public Utility Commission of Oregon

CERTIFICATE OF SERVICE

UM 1396

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 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 3rd day of February, 2010.

Kay Barnes

Kay Barnes
Public Utility Commission
Regulatory Operations
550 Capitol St NE Ste 215
Salem, Oregon 97301-2551
Telephone: (503) 378-5763

UM 1396
Service List (Parties)

<p>*DEPARTMENT OF JUSTICE</p> <p>JANET L PREWITT ASSISTANT AG</p>	<p>NATURAL RESOURCES SECTION 1162 COURT ST NE SALEM OR 97301-4096 janet.prewitt@doj.state.or.us</p>
<p>*OREGON DEPARTMENT OF ENERGY</p> <p>KIP PHEIL SENIOR POLICY ANALYST</p>	<p>625 MARION ST NE - STE 1 SALEM OR 97301-3737 kip.pheil@state.or.us</p>
<p>VIJAY A SATYAL SENIOR POLICY ANALYST</p>	<p>625 MARION ST NE SALEM OR 97301 vijay.a.satyal@state.or.us</p>
<p>ANNALA, CAREY, BAKER, ET AL., PC</p> <p>WILL K CAREY</p>	<p>PO BOX 325 HOOD RIVER OR 97031 wcarey@hoodriverattorneys.com</p>
<p>CITIZENS' UTILITY BOARD OF OREGON</p> <p>ROBERT JENKS</p>	<p>610 SW BROADWAY STE 308 PORTLAND OR 97205 bob@oregoncub.org</p>
<p>G. CATRIONA MCCrackEN LEGAL COUNSEL/STAFF ATTY</p>	<p>610 SW BROADWAY - STE 308 PORTLAND OR 97205 catriona@oregoncub.org</p>
<p>COMMUNITY RENEWABLE ENERGY ASSOCIATION</p> <p>PAUL R WOODIN EXECUTIVE DIRECTOR</p>	<p>1113 KELLY AVE THE DALLES OR 97058 pwoodin@communityrenewables.org</p>
<p>DAVISON VAN CLEVE</p> <p>IRION A SANGER ASSOCIATE ATTORNEY</p>	<p>333 SW TAYLOR - STE 400 PORTLAND OR 97204 ias@dvclaw.com</p>
<p>DEPARTMENT OF JUSTICE</p> <p>MICHAEL T WEIRICH ASSISTANT ATTORNEY GENERAL</p>	<p>REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 michael.weirich@doj.state.or.us</p>

ENERGY TRUST OF OREGON ELAINE PRAUSE	851 SW 6TH AVE STE 1200 PORTLAND OR 97204 elaine.prause@energytrust.org
JOHN M VOLKMAN GENERAL COUNSEL	851 SW 6TH AVE SUITE 1200 PORTLAND OR 97204 john.volkman@energytrust.org
IDAHO POWER COMPANY RANDY ALLPHIN	rallphin@idahopower.com
CHRISTA BEARRY	PO BOX 70 BOISE ID 83707-0070 cbearry@idahopower.com
BARTON L KLINE SENIOR ATTORNEY	PO BOX 70 BOISE ID 83707-0070 bkline@idahopower.com
MICHAEL YOUNGBLOOD SENIOR PRICING ANALYST	PO BOX 70 BOISE ID 83707 myoungblood@idahopower.com
MCDOWELL & RACKNER PC WENDY MCINDOO OFFICE MANAGER	520 SW 6TH AVE STE 830 PORTLAND OR 97204 wendy@mcd-law.com
LISA F RACKNER ATTORNEY	520 SW SIXTH AVENUE STE 830 PORTLAND OR 97204 lisa@mcd-law.com
OREGON DEPARTMENT OF ENERGY DIANE HENKELS	245 EAST MAIN STREET, SUITE C HERMISTON OR 97838 diane.henkels@state.or.us
JEFF KETO	625 MARION ST NE SALEM OR 97301-3737 jeff.s.keto@state.or.us
ROBIN STRAUGHAN	625 MARION ST NE SALEM OR 97301-3742 robin.straughan@state.or.us
OREGON PUBLIC UTILITY COMMISSION ED DURRENBERGER	PO BOX 2148 SALEM OR 97308-2148 ed.durrenberger@state.or.us

PACIFIC POWER & LIGHT JORDAN A WHITE SENIOR COUNSEL	825 NE MULTNOMAH STE 1800 PORTLAND OR 97232 jordan.white@pacificcorp.com
PACIFICORP, DBA PACIFIC POWER PACIFIC POWER OREGON DOCKETS	825 NE MULTNOMAH STREET, STE 2000 PORTLAND OR 97232 oregondockets@pacificcorp.com
PORTLAND GENERAL ELECTRIC RANDALL DAHLGREN RATES & REGULATORY AFFAIRS	121 SW SALMON ST - 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com
PORTLAND GENERAL ELECTRIC COMPANY J RICHARD GEORGE ASST GENERAL COUNSEL	121 SW SALMON ST 1WTC1301 PORTLAND OR 97204 richard.george@pgn.com
RFI CONSULTING INC RANDALL J FALKENBERG	PMB 362 8343 ROSWELL RD SANDY SPRINGS GA 30350 consultrfi@aol.com
RICHARDSON & O'LEARY PLLC PETER J RICHARDSON	PO BOX 7218 BOISE ID 83707 peter@richardsonandoleary.com
STOLL BERNE DAVID A LOKTING	209 SW OAK STREET, SUITE 500 PORTLAND OR 97204 dlokting@stollberne.com
THOMAS H NELSON ATTORNEY AT LAW THOMAS H NELSON	PO BOX 1211 WELCHES OR 97067-1211 nelson@thnelson.com