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June 8, 2009

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

RE: UM 1396 – PacifiCorp’s Motion to Admit Testimony and Exhibits

PacifiCorp d/b/a Pacific Power submits for filing an original and five (5) copies of the Motion to Admit Testimony and Exhibits in the above-referenced matter.


PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Please direct informal correspondence and questions regarding this filing to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Very truly yours,



Andrea L. Kelly
Vice President, Regulation
Enclosures

cc: UM 1396 Service List

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket No. UM 1396 on the following named person(s) below by e-mail or first-class mail addressed to said person(s) at his or her last-known address(es) indicated below:

DATED: June 8, 2009.



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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1396

In the Matter of the

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Determination of
Resource Sufficiency, pursuant to Order
No. 06-538

**PACIFICORP'S MOTION TO ADMIT
TESTIMONY AND EXHIBITS**

1 Pursuant to the Notice of Cancellation of Hearing issued on June 2, 2009, PacifiCorp
2 d/b/a Pacific Power (“Pacific Power” or “Company”) hereby moves the Public Utility
3 Commission of Oregon (“Commission”) for an Order admitting the testimony sponsored by
4 Peter G. Warnken in this proceeding. Mr. Warnken filed direct testimony (PPL/100) on
5 April 13, 2009, and rebuttal testimony (PPL/101) on May 12, 2009. Mr. Warnken’s affidavit
6 concerning his testimony is attached to this Motion.

7 PacifiCorp further moves for the admission of additional exhibits consisting of data
8 request responses provided to PacifiCorp by the Industrial Customers of Northwest Utilities
9 (“ICNU”). ICNU does not oppose the submission of these data request responses into the
10 record. These exhibits are identified as PPL/102 and are attached to this Motion. PacifiCorp
11 also request the Commission to take official notice of all filings and Commission orders in
12 Docket UM 1129 in this proceeding. The Company understands that no parties object to
13 PacifiCorp’s request.

14 Finally, PacifiCorp proposes the following briefing schedule: initial briefs due July
15 10, 2009 with reply briefs due on July 23, 2009. The Company understands that no parties
16 object to this proposed schedule.

DATED: June 8, 2009.



Jordan A. White
Senior Counsel
PacifiCorp
Attorney for PacifiCorp

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1396

In the Matter of the

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Determination of
Resource Sufficiency, pursuant to Order
No. 06-538

AFFIDAVIT OF PETER G. WARNKEN

I, Peter G. Warnken, being first duly sworn on oath, depose and say:

1. My name is Peter G. Warnken. I am currently the Manager of Integrated Resource Planning for PacifiCorp. My business address is 825 NE Multnomah, Portland, OR, 97232.

2. I sponsored pre-filed testimony and exhibits on behalf of PacifiCorp in Oregon Public Utility Commission Docket UM 1396. Specifically, my pre-filed Direct Testimony, PPL/100, was filed on April 13, 2009. In addition, my Rebuttal Testimony, PPL/101 was filed on May 12, 2009.

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

I declare under penalty of perjury under the laws of the state of Oregon that the foregoing is true and correct based on my information and belief.

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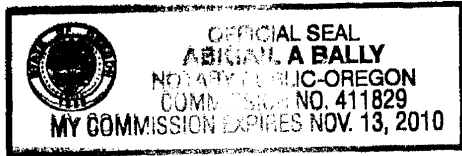
SIGNED this 8th day of June 2009.

Peter G. Warnken

Peter G. Warnken

STATE OF OREGON)
) ss.
County of Multnomah)

SUBSCRIBED AND SWORN to before me this 8th day of June 2009.



Abigail A. Bally
Notary Public - Oregon

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1396

In the Matter of the

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Determination of
Resource Sufficiency, pursuant to Order
No. 06-538

PPL/102

**DATA RESPONSES
ADMITTED TO THE RECORD**

June 8, 2009

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
DOCKET NO. UM 1396**

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.4

Data Request No. 1.4:

Please define "major event" as used on page 3, line 6.

Response to Data Request No. 1.4:

ICNU is not proposing a precise definition for a "major event" because major events can come in many forms. Examples of major events include the recent global financial crisis, and any important or significant natural phenomenon such as Hurricane Katrina, or a major earthquake. However, major events need not be so substantial as to impact the national or regional economy. If PacifiCorp were to substantially change its load forecast (e.g., based on a changed outlook concerning the regional economy), that may well constitute a major event. Likewise, the presence of a large new capacity addition, or the unexpected loss of such a resource, could be considered a major event. A simple, though perhaps imperfect definition, might be any event that causes a change in the PacifiCorp peak demand forecast by more than 5% within the first five years of the forecast horizon, or which reduces PacifiCorp's supply by 5%.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
DOCKET NO. UM 1396**

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.6

Data Request No. 1.6:

On page 4, beginning on line 16 of Mr. Falkenberg's testimony, ICNU states that despite an assumed energy surplus, PacifiCorp has built numerous wind facilities from 2006 to 2008, and plan to complete additional wind facilities in 2009.

- a. Does ICNU contend that the Company does not account for its energy position when it evaluates wind facilities?
- b. Does ICNU contend that the Company's proposed method in this case is based on the assumption that there is a need for an energy deficiency before new base load or energy resources are built? If so, please identify if and how Mr. Warnken's testimony supports ICNU's assumption.
- c. On page 5, line 5, is the cite to "the avoided cost methodology" referring to the method proposed by the Company in this docket?

Response to Data Request No. 1.6:

- a. Yes. Mr. Falkenberg contends that the Company does not account for its energy position when it makes the decision to evaluate wind facilities. Mr. Falkenberg reviewed substantial amounts of information contained in the discovery in Docket No. UE 200, which provided the documents relied upon by executives of the Company in their decision to build the various wind resources in question. Mr. Falkenberg does not believe that any of the documents he reviewed showed any analysis of the Company's energy position. Indeed, typically the

analysis that was provided to the executives were cash flow analyses, and a discussion of various factors unrelated to energy. There was no specific analysis that dealt with the issue of whether these projects were needed in order to meet an energy deficit the Company was facing. Had the actual projects been justified on the basis of an energy deficit, Mr. Falkenberg expects that would have been discussed in the various documents reviewed. Of course, in at least one case (Rolling Hills), the project was imprudent, and thus the decision making process cannot be considered to be a reasonable one. Mr. Falkenberg's testimony in UE 200 discusses these issues in more detail.

- b. It is not possible to infer specifically what the Company's proposal implies regarding energy or capacity sufficiency or deficiency. See, e.g., PPL/100 Warmken/7 lines 15-17, where the Company states that it is not necessary for a utility to be both capacity and energy deficient to be considered deficient. It appears that the Company would base sufficiency or deficiency on the outcome of its IRP, and the date upon which it would first install new CCCT capacity. However, the Company has largely ignored its IRP in making actual decisions, such as the Chehalis project, which was not called for under its IRP. Thus, the Company appears to propose a flexible process that allows it to acquire capacity at any time it desires.

- c. No. Mr. Falkenberg had not reviewed the method proposed by the Company when he filed his testimony. Therefore, this statement refers to the avoided cost methodology currently in place.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
DOCKET NO. UM 1396**

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.10

Data Request No. 1.10:

Please provide the data relied upon to draw the conclusion on page 7, lines 14-16, that PacifiCorp appears to be unable to meet its peak demand.

- a. Is it ICNU's position that PacifiCorp's avoided cost should be based on the cost of a new CCCT?
- b. Is it ICNU's position that PacifiCorp's avoided cost for QFs in Oregon is a reasonable avoided cost to apply to non-QF resources?

Response to Data Request No. 1.10:

- a. ICNU objects to this question on the basis that it is vague because it does not specify whether the question refers to current avoided costs or to avoided costs as will be determined in the future. Notwithstanding this objection, ICNU answers as follows. ICNU's position regarding the going forward determination of avoided costs is based on a three tier approach, where the avoided costs under each tier are as explained in Mr. Falkenberg's testimony on page 7. This approach would be applied in the next determination of avoided costs.

If the context of this question is such that the inquiry is seeking to determine ICNU's position regarding what current avoided costs should be at the present time, that topic was discussed in Mr. Falkenberg's testimony in UM 1129, which is supplied with the answer to Question 1.

ICNU also objects to this question on the grounds that the issue of what resource should be used in the sufficiency period is not on the issue list. Thus, ICNU did not testify regarding whether the Commission should change its policy of requiring a utility to base its avoided costs upon the cost of a new CCCT.

- b. ICNU objects to this question on the basis that the inquiry does not address an issue relevant to this docket and that the question is so vague and open ended as to not possibly provide a reasonable basis for providing a complete answer. Notwithstanding this objection, ICNU answers as follows. The reasonable costs of non-QF resources should be determined based on the Commission's traditional prudence standard. Depending on the circumstances, PacifiCorp's filed avoided costs maybe one factor that is relevant in the determination of the reasonable avoided costs for non-QF resources.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
DOCKET NO. UM 1396**

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.12

Data Request No. 1.12:

On page 8, line 9, ICNU refers to "some form of capacity payment". Also on page 9, ICNU states that "there should be no major distinction between resource acquisition practices of utilities for the RFP and IRP process, self build options and for payment to QFs."

- a. Is it ICNU's position that the "form of capacity payment" for Oregon QFs should be based on the all-in cost of a new combined cycle plant?
- b. If the answer to subpart "a" is yes, then show how that is consistent with the IRP and RFP process and self build options.
- c. Should the "form of capacity payment" reflect the least cost capacity available to PacifiCorp? If not, why not?
- d. Should PacifiCorp use the method proposed by ICNU in this docket to evaluate self build options?

Response to Data Request No. 1.12:

- a. Please see the answer to DR 10. The passage quoted deals with ICNU's proposal and explains the reasons why energy is not a valid basis for determining sufficiency. The scenario described addresses only the ICNU proposal, which is the three tier test. In this passage, the "some form of capacity payment" refers to either the market based capacity payment that would be applicable or the case

when the utility was reserve deficient, or the CCCT based capacity payment when the utility was deficient in peak demand and reserves.

- b. The answer to part a is neither yes, nor no, but depends on where the utility falls in the three tier test. ICNU also objects to the premise of the question which seems to assume that PacifiCorp actually follows its IRP. Notwithstanding this, in the case of the Chehalis project, the Company clearly did not do so. Further, underlying the question is the assumption that the Company acts prudently in acquiring resources, which are consistent with its IRP. As is clear from the case of Rolling Hills and Chehalis, PacifiCorp is not always prudent or does not always follow its IRP in its resource acquisition decisions.
- c. The form of capacity payment would be based on the outcome of the three tier test, which is presumed to reflect the Company's least cost expansion plan.
- d. ICNU objects to this question on the grounds that it is outside the scope of issues on the issue list. Notwithstanding, the issue of which method should be used to evaluate self build options is not an issue that will be resolved in this proceeding.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

DOCKET NO. UM 1396

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.15

Data Request No. 1.15:

On page 9, line 10, ICNU states that "Energy deficiencies are virtually meaningless in the resource acquisition process". However, PacifiCorp's System Optimizer model, which is used to select resource portfolios in its IRP, considers both peak and energy positions. Since ICNU indicates that "there should be no major distinction between resource acquisition practices of utilities for the RFP and IRP process, self build options and for payment to QFs," please reconcile this statement with the statement on page 9 which says "energy should not be considered in the resource deficiency determinations."

Response to Data Request No. 1.15:

ICNU objects to this question on the basis it assumes facts that are not in evidence, specifically, the inputs and methodologies of the "System Optimizer" model. Notwithstanding this objection, ICNU answers as follows. In Mr. Falkenberg's experience related to the Chehalis and UM 1208 projects, the Company provided reserve margin analyses showing a need for the capacity, but did not present the same type of analysis for energy. While energy is generally an input to production cost models, so are fuel costs, purchase power expense, transmission limits, and numerous other factors. In a situation, for example, where a utility was energy deficient, if there is sufficient low cost energy available in the market as was the case prior to the California power crisis, it may

have been unreasonable and imprudent to acquire a costly new baseload simply because of an energy deficiency. Indeed, during that time period, PacifiCorp disposed of a major baseload resource, the Centralia plant, under the assumption it would cost less to replace it with low cost purchased power.

Likewise, if a utility was energy deficient during some time periods but sufficient most of the time and market prices were quite high, as in the power crisis of late 2000 to 2001, it could be economical and prudent to acquire new resources.

Prudent system planning requires an economic analysis of costs of all options and alternatives, and energy is but one input into the various models used. Energy, however, is not normally used in prudent utility practice as the only driver in determining the timing of new resources.

There is no contradiction between the various statements quoted in the testimony. Energy does not play a role in determining the timing of new resources, however, it does play some role in the selection of resources.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
DOCKET NO. UM 1396**

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.16

Data Request No. 1.16:

Please refer to the answer beginning on page 9, line 10 of Mr. Falkenberg's testimony.

- a. Is ICNU claiming that wind resources do not provide capacity?
- b. Is ICNU claiming that Oregon's loads can not be met by only adding new wind resources?
- c. If PacifiCorp were to only add new wind resources to meet Oregon's future load, is it ICNU's position that PacifiCorp would experience brownouts or blackouts hundreds of hours per year?

Response to Data Request No. 1.16:

- a. Wind resource provide some limited amount of capacity, as Mr. Falkenberg discussed in his testimony in UM 1330 which has been provided in the answer to DR 1. Wind resources are not very efficient at providing capacity, however, and may not provide substantial amounts of capacity during peak demand hours.
- b. Based on information reviewed to date, ICNU objects to this question on the grounds that it requires ICNU to make assumptions about PacifiCorp's future loads and resources that are not in evidence. Notwithstanding this objection, ICNU answers as follows. It is highly unlikely that Oregon loads can be met with

only wind power, at least not unless a breakthrough in storage technology for electricity developed. Mr. Falkenberg is not addressing the ability of wind power to serve all loads in Oregon in his testimony. Mr. Falkenberg believes, based on his experience in the utility industry, that utilities will construct the types of resources which offer the lowest risk of cost recovery and provide the utility with the greatest amount of rate recovery. Given the Renewable Portfolio Standard and Renewable Adjustment Clause mechanisms now in place, there is cause for concern that utilities will invest more in wind power than is economic simply because of the convenience of cost recovery under these mechanisms.

- c. ICNU objects to this question on the grounds that it requires ICNU to make assumptions about PacifiCorp's future loads and resources that are not in evidence. Notwithstanding, the quoted passage discusses a scenario that is not impossible. As discussed above, wind resources are not particularly efficient at providing reliable capacity. It is possible that a utility could have wind energy available off peak, but insufficient capacity to meet peak demands.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
DOCKET NO. UM 1396**

ICNU'S RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.19

Data Request No. 1.19:

On page 11 of Mr. Falkenberg's testimony, ICNU indicates that hypothetical front office transactions should be eliminated because they should not be preferred over QFs.

- a. Please explain what is meant by "hypothetical." What would qualify a front office transaction as not being hypothetical?
- b. If a front office transaction were less expensive than the all-in cost of a new CCCT, is it ICNU's position that avoided costs should not reflect that lower-cost front office transaction, but should be based on the all-in cost of a new CCCT instead? Is this approach also applicable to self-build resources?
- c. Would ICNU's answer to subpart "b" be the same for any other type of resource that is less expensive than the all-in cost of a new CCCT (for example load control programs, interruptible loads, combined heat and power, etc.)?

Response to Data Request No. 1.19:

- a. A hypothetical front office transaction would be one that is not under contract, but assumed to be available to the utility. It appears that the Staff proposal in this case would provide the utilities considerable latitude in making assumptions about the availability of hypothetical front office transactions.

However, discovery is being conducted on this issue, and its possible the Staff position will be clarified.

- b. ICNU objects to this question because it cannot reasonably be answered based on the information provided; and it does not specify a time frame for conducting the analysis and seeks information outside the scope of the issues list. Notwithstanding this objection, ICNU answers as follows. In order to determine whether the front office transaction was the economic choice, it would be necessary to know whether or not the CCCT in question was needed to provide capacity in the period in question. It would also be necessary to know whether the cost savings from deferring the construction of a new CCCT by the period in time that requirements could be met by the front office transaction. In order to make a prudent decision, the utility would first have to be certain that the CCCT was needed at the time it was scheduled to be completed. Next, the utility should compare the costs or benefits of delaying the resource as compared to the costs and benefits of the front office transaction. It is not clear from the way in which the question is worded whether the Company is talking about comparing the front office transaction to the first years cost of the CCCT, or if a more complex analysis was envisioned.

- c. As stated above, the Company's question in part b is not amenable to providing a reasonable answer. ICNU believes that the proper method for evaluating resource choices is via a net present worth of revenue requirements approach. Many of Mr. Falkenberg's testimonies supplied with the answer to DR 1 provide a discussion of his views of proper resource planning techniques as applied to both conventional and non-conventional resources.