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June 4, 2009

Via Electronic and US Mail

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

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Investigation
into determination of resource sufficiency, pursuant to Order No. 06-538
Docket No. UM 1396

Dear Filing Center:

Enclosed please find Exhibit ICNU/300 on behalf of the Industrial Customers of
Northwest Utilities in the above-referenced docket.

Thank you for your assistance.

Sincerely yours,

/s/ Brendan E. Levenick
Brendan E. Levenick

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Exhibit ICNU/300 on behalf of the Industrial Customers of Northwest Utilities upon the parties, on the service list, by causing the same to be deposited in the U.S. Mail, postage-prepaid, or sent via electronic mail to those parties who have waived papers service in this proceeding.

Dated at Portland, Oregon, this 4th day of June, 2009.

/s/ Brendan E. Levenick
Brendan E. Levenick

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<p>DEPARTMENT OF JUSTICE (W) MICHAEL T WEIRICH JANET L PREWITT REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 michael.weirich@doj.state.or.us janet.prewitt@doj.state.or.us</p>	<p>ANNALA, CAREY, BAKER, ET AL., PC (W) WILL K CAREY PO BOX 325 HOOD RIVER OR 97031 wcarey@hoodriverattorneys.com</p>
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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 the Determination of)
Resource Sufficiency)
_____)

ICNU/300

**DATA RESPONSES
ADMITTED TO THE RECORD**

June 4, 2009

Request:

- 1.3 If utilities continue to have discretion in determining sufficiency or deficiency, is there a danger they will act to stifle competition in the form of QFs by setting prices as low as possible?

Response:

No because the Commission establishes avoided costs for utilities.

Request:

- 1.4 Please see Staff/100, Durrenberger/5, line 12. Please explain what is meant by excluding planning contingencies. Does this mean reserve requirements would not be included in the deficiency determination? Please provide an example.

Response:

Operating reserves are included, planning reserves are not.

Request:

- 1.5 Please see Staff/100, Durrenberger/6, lines 3-6. Please explain the mechanics involved in determining whether there is a regional surplus or deficiency. Would this require obtaining data from all utilities, other load serving entities, and all non-utility generators in the region regarding their load and supply balance? Please identify whether any of the data is confidential. Please discuss the practical difficulties Mr. Durrenberger sees obtaining this data and evaluating it.

Response:

The regional studies undertaken by the Northwest Power and Conservation Council (NPCC), Bonneville Power (BPA) and others could serve to analyze the regional resource adequacy issue. Alternately, a utility can attempt to collect the necessary data and present their case for regional sufficiency. Having data that is deemed confidential will make the analysis more difficult.

Request:

- 1.6 Please see Staff/100, Durrenberger/6, lines 3-6. Please explain the mechanics involved in determining whether there is sufficient transmission capacity available to deliver power to a specific utility. Would this require obtaining data from all regional transmission service providers concerning their available capacity, and commitments? Please identify whether any of the data is confidential. Please discuss the practical difficulties staff sees obtaining this data and evaluating it.

Response:

Regional power flow studies are available and could be used to justify any bottlenecks whereby generation could not be delivered to loads. Alternately a utility could attempt to collect the necessary transmission data and present their case on that basis. Confidential data will make the analysis more difficult for parties.

Request:

- 1.7 Please see Staff/100, Durrenberger/6, lines 3-6. Please provide examples of when in past 10 years when Mr. Durrenberger believes there was a regional deficiency of generating capacity.

Response:

The NPCC.'s Resource Adequacy Assessment from around 2000 projected a potential regional power deficits in the mid term.

Request:

- 1.9 Please see Staff/100, Durrenberger/7, lines 12-15. Please explain how Mr. Durrenberger envisions the regional power market picture being determined and how it would inform the sufficiency/deficiency process? Is it Mr. Durrenberger's position that if a utility asserts there is ample supply available in the market, it is therefore assumed to be in a position of resource sufficiency? Does Mr. Durrenberger envision performing any analysis to verify the utilities' assertions?

Response:

The regional power market picture would come from a regional load/resource balance. A utility would not be in a deficient position for determining avoided cost rates unless both the utility and the region were deemed deficient. It is not enough that the utility asserts that there is ample supply available in the market. The utility must be able to convince the Commission that its assertion is true. Staff and intervenors will review the utility assertions and make appropriate recommendations to the Commission during this process.

Request:

- 1.11 Please see Staff/100, Durrenberger/8, lines 4-6. Is Mr. Durrenberger endorsing a standard which would allow a utility to be resource deficient in both capacity and energy for (and on that basis make purchases of resources such as Chehalis), but not be considered resource deficient? Please explain the incentives for utilities to acquire QF capacity and energy under this approach, as compared to the incentives to make asset purchases, such as Chehalis.

Response:

I do not believe that this position is any sort of endorsement of the purchase of Chehalis. Nor is it my intent to comment on what the utilities incentives are with regard to acquiring QF power. The testimony at Staff/100, Durrenberger/8, lines 6-12 speaks for itself.

Request:

- 1.13 Please see Staff/100, Durrenberger/8, lines 15-17. In this passage, it appears that Mr. Durrenberger no longer gives any consideration to meeting peak demand, but rather believes only energy should be considered in the deficiency determination. Please explain why Staff views now energy as the only factor that determines sufficiency or deficiency.

Response:

The focus on energy deficits is due to the assumption that small QFs provide energy only since they are not dispatchable and have no obligation to provide capacity.

Request:

- 1.18 Does Mr. Durrenberger propose to use the same standards as it proposes in this case for the determination of whether Chehalis was a necessary and prudent resource? Would Mr. Durrenberger rely solely on the energy load and supply balance of PacifiCorp in order to determine if Chehalis is prudent and necessary?

Response:

No. The determination of the necessity and prudence of PacifiCorp's Chehalis is determined based on other factors besides the determination of resource sufficiency for the determination of avoided cost rates for small QF standard contract power purchase agreements

May 19, 2009

TO: Iron A. Sanger
Davison Van Cleve, PC

Randall Falkenberg
RFI Consulting

FROM: Ed Durrenberger
Resource & Market Analysis

OREGON PUBLIC UTILITY COMMISSION
UM 1396
ICNU's Second Set of Data Requests to OPUC
Dated May 4, 2009 – Due May 19, 2009
Question Nos. 2.1

Request:

2.1 Under the Staff proposed methodology for determining resource sufficiency and deficiency periods, what is the first year in which Portland General Electric and PacifiCorp will be considered deficient?

Response:

I believe the Staff proposed methodology is consistent with the decision making process of the Commission. On the basis of the Commission's most recent determination of PGE's sufficiency/deficiency, which was made pursuant to Advice No. 07-27, PGE is and will be resource sufficient through December of 2011. In PacifiCorp's case, the Commission approved Advice No. 08-15, with an effective date of September 26, 2008, deciding PacifiCorp would be sufficient through December 2011. Therefore the first year that PGE and PacifiCorp will be considered deficient will be 2012.

May 28, 2009

TO: Irion A. Sanger
Davison Van Cleve, PC

Randall Falkenberg
RFI Consulting

FROM: Ed Durrenberger
Resource & Market Analysis

OREGON PUBLIC UTILITY COMMISSION
UM 1396
ICNU's Second Set of Data Requests to OPUC
Dated May 4, 2009 – Due May 19, 2009
Question Nos. 2.1

Request:

2.1 Under the Staff proposed methodology for determining resource sufficiency and deficiency periods, what is the first year in which Portland General Electric and PacifiCorp will be considered deficient?

Response:

Staff Supplemental response to ICNU DR 2.1:

I have proposed a standard that requires a determination of resource deficiency if the normal monthly load requirements for the utility, including retail load and contracted wholesale commitments, are greater than the normal monthly resources available, both for company-owned generation and firm power purchase agreements, for six or more months out of any rolling twelve month period. This definition required a determination of expected loads and wholesale commitments in future years as well as what the utility owned generation resources will be and how much energy will be available in the wholesale market. Absent a filing by either PGE or PacifiCorp updating load forecasts and resource information, the currently acknowledged IRP for each company is where I would look for this information. On that basis, I conclude that PGE is not currently resource deficient and will not be deficient any earlier than 2012. For PacifiCorp, its IRP forecasts that the company will be resource sufficient until at least 2012. Accordingly, I conclude that the first year PacifiCorp will be deficient is 2012.

May 18, 2009

TO: Irion A. Sanger
Industrial Customers of NW Utilities

FROM: Doug Kuns
Manager, Pricing & Tariffs

**PORTLAND GENERAL ELECTRIC
UM 1396
PGE Response to ICNU Data Request
Dated May 4, 2009
Question No. 002**

Request:

Under the Utility's proposed methodology for determining resource sufficiency and deficiency periods, what is the first year in which the utility will be considered deficient?

Response:

Assuming approval of PGE's current draft Integrated Resource Plan, PGE would conduct an RFP in 2010 for resources with an on-line date in 2013. Therefore, our current estimate is that 2013 is the earliest date that PGE would expect to avoid a new resource. Avoided cost pricing based on this timing will reasonably align with resource expansion plans.

UM-1396 / PacifiCorp
May 15, 2009
ICNU 1st Set Data Request 1.2

ICNU Data Request 1.2

Under the utility's proposed methodology for determining resource sufficiency and deficiency periods, what is the first year in which the utility will be considered deficient?

Response to ICNU Data Request 1.2

According to the 2008 Integrated Resource Plan, to be filed with the Oregon Public Utility Commission by the end of May 2009, the resource deficiency period would begin in 2015.