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May 5, 2017

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON,
Investigation to Examine PacifiCorp, dba Pacific Power's Non-Standard Avoided
Cost Pricing
Docket No. UM 1802

Dear Filing Center:

Please find enclosed the Reply Testimony of Bradley G. Mullins on behalf of the
Industrial Customers of Northwest Utilities.

Thank you for your assistance. If you have any questions, please do not hesitate
to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1802

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF)
OREGON,)
)
Investigation to Examine PacifiCorp, dba)
Pacific Power's Non-Standard Avoided Cost)
Pricing.)

REPLY TESTIMONY OF BRADLEY G. MULLINS

ON BEHALF OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

May 5, 2017

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Bradley G. Mullins, and my business address is 333 SW Taylor Street, Suite 400,
3 Portland, Oregon 97204.

4 **Q. PLEASE STATE YOUR OCCUPATION AND ON WHOSE BEHALF YOU ARE**
5 **TESTIFYING.**

6 A. I am an independent consultant representing industrial customers throughout the western
7 United States. I am appearing on behalf of the Industrial Customers of Northwest Utilities
8 (“ICNU”). ICNU is a non-profit trade association whose members are large industrial
9 customers served by electric utilities throughout the Pacific Northwest, including customers of
10 PacifiCorp, dba Pacific Power (the “Company”).

11 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.**

12 A. A summary of my education and work experience can be found at ICNU/101.

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. I reply to the Opening Testimony of Mr. Daniel MacNeil concerning the use of the Partial
15 Displacement Deferred Revenue Requirement (“PDDRR”) methodology for calculating a
16 stream of renewable avoided cost prices for non-standard Qualifying Facility (“QF”) resources,
17 as defined under the Public Utilities Regulatory Policies Act of 1978 (“PURPA”).

18 **Q. DO YOU SUPPORT USING THE PDDRR METHODOLOGY FOR RENEWABLE**
19 **AVOIDED COST PRICES?**

20 A. Yes. Relative to other methodologies, the PDDRR methodology is a good methodology for
21 calculating avoided costs. While no methodology can perfectly calculate the true avoided cost
22 associated with QF contracts—particularly when forecasting 15- to 20-years into the future—
23 the PDDRR methodology provides a better way to compare the costs and benefits of different
24 types of resources, as Mr. MacNeil describes in testimony. The PDDRR methodology is also

1 appropriately used to calculate renewable avoided cost prices in Oregon because it is used in
2 Utah and Wyoming to calculate renewable avoided cost prices.

3 **Q. DO YOU SUPPORT ELIMINATING THE FLOOR IN THE AVOIDED COST**
4 **PRICING STREAM?**

5 A. Yes. I see no valid reason why market prices should represent a floor in calculation of avoided
6 costs. The PDDRR methodology considers the fact that when added to the utility system, the
7 QF resource does not necessarily displace, or avoid, market purchases in all hours of the year.
8 It may be that a QF resource causes a utility to avoid making market purchases in many hours.
9 Notwithstanding, there are many hours in which the Company may have to back down other
10 types resources, such as gas and coal plants, as a result of taking energy under a PURPA
11 contract. One of the principal objectives of the PDDRR methodology is to determine which
12 resources will be displaced as a result of taking energy from a QF facility, under a system of
13 least cost dispatch. Thus, providing a floor in avoided cost prices based on market prices
14 defeats the purpose of using the PDDRR methodology.

15 **Q. DOES THIS CONCLUDE YOUR REPLY TESTIMONY?**

16 A. Yes.

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EXHIBIT ICNU/101

QUALIFICATION STATEMENT OF BRADLEY G. MULLINS

1 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.**

2 A. I have a Master of Science degree in Accounting from the University of Utah. I started
3 my career as a Tax Consultant at Deloitte, where I ultimately specialized in research and
4 development tax credits. Subsequently, I worked at PacifiCorp as an analyst involved in
5 power supply cost forecasting. Now, I provide professional services to utility customers
6 on matters related to utility ratemaking. I have sponsored testimony in regulatory
7 jurisdictions throughout the United States, including before the Oregon Public Utility
8 Commission.

9 **Q. PLEASE PROVIDE A LIST OF YOUR REGULATORY APPEARANCES.**

- 10 A. I have sponsored testimony in the following regulatory proceedings:
- 11 • Or.PUC, UM 1811: In re Portland General Electric Company, Application for
12 Transportation Electrification Programs
 - 13 • Wa.UTC, UE-161204: In re Pacific Power & Light Company, Revisions to Tariff
14 WN-U-75 (Net Removal Tariff)
 - 15 • Wa.UTC, UE-161123: In re Puget Sound Energy's Revisions to Tariff WN U-60,
16 Adding Schedule 451, Implementing a New Retail Wheeling Service
 - 17 • Bonneville Power Administration, BP-18: 2018 Joint Power and Transmission Rate
18 Proceeding
 - 19 • Or.PUC, UP 334 (Cons.): In re Portland General Electric Company Application for
20 Approval of Sale of Harborton Restoration Project Property
 - 21 • Ar.PSC, 16-028-U: In re An Investigation of Policies Related to Renewable
22 Distributed Electric Generation

- 1 • Ar.PSC, 16-027-R: In re Net Metering and the Implementation of Act 827 of 2015
- 2 • Ut.PSC, 16-035-01: In re the Application of Rocky Mountain Power for Approval of
- 3 the 2016 Energy Balancing Account
- 4 • Wa.UTC, UE-160228, UG-160229: In re Avista Corporation Request for a General
- 5 Rate Revision
- 6 • Wy.PSC, 20000-292-EA-16: In re the Application of Rocky Mountain Power to
- 7 Decrease Current Rates by \$2.7 Million to Recover Deferred Net Power Costs
- 8 Pursuant to Tariff Schedule 95 and to Increase Rates by \$50 Thousand Pursuant to
- 9 Tariff Schedule 93
- 10 • Or.PUC, UE 307: In re PacifiCorp, dba Pacific Power, 2017 Transition Adjustment
- 11 Mechanism
- 12 • Or.PUC, UE 308: In re Portland General Electric Company, 2017 Annual Power Cost
- 13 Update Tariff (Schedule 125)
- 14 • Or.PUC, UM 1050: In re PacifiCorp, Request to Initiate an Investigation of Multi-
- 15 Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol
- 16 • Wa.UTC, UE-152253: In re Pacific Power & Light Company, General rate increase
- 17 for electric services
- 18 • Wy.PSC, 20000-469-ER-15 In The Matter of the Application of Rocky Mountain
- 19 Power for Authority of a General Rate Increase in Its Retail Electric Utility Service
- 20 Rates in Wyoming of \$32.4 Million Per Year or 4.5 Percent
- 21 • Wa.UTC, UE-150204: In re Avista Corporation, General Rate Increase for Electric
- 22 Services

- 1 • Wy.PSC, 20000-472-EA-15: In re the Application of Rocky Mountain Power to
2 Decrease Rates by \$17.6 Million to Recover Deferred Net Power Costs Pursuant to
3 Tariff Schedule 95 to Decrease Rates by \$4.7 Million Pursuant to Tariff Schedule 93
- 4 • Wa.UTC, UE-143932: Formal complaint of The Walla Walla Country Club against
5 Pacific Power & Light Company for refusal to provide disconnection under
6 Commission-approved terms and fees, as mandated under Company tariff rules
- 7 • Or.PUC, UE 296: In re PacifiCorp, dba Pacific Power, 2016 Transition Adjustment
8 Mechanism
- 9 • Or.PUC, UE 294: In re Portland General Electric Company, Request for a General
10 Rate Revision
- 11 • Or.PUC, UM 1662: In re Portland General Electric Company and PacifiCorp dba
12 Pacific Power, Request for Generic Power Cost Adjustment Mechanism Investigation
- 13 • Or.PUC, UM 1712: In re PacifiCorp, dba Pacific Power, Application for Approval of
14 Deer Creek Mine Transaction
- 15 • Or.PUC, UM 1719: In re Public Utility Commission of Oregon, Investigation to
16 Explore Issues Related to a Renewable Generator's Contribution to Capacity
- 17 • Or.PUC, UM 1623: In re Portland General Electric Company, Application for
18 Deferral Accounting of Excess Pension Costs and Carrying Costs on Cash
19 Contributions
- 20 • Bonneville Power Administration, BP-16: 2016 Joint Power and Transmission Rate
21 Proceeding

- 1 • Wa.UTC, UE-141368: In re Puget Sound Energy, Petition to Update Methodologies
2 Used to Allocate Electric Cost of Service and for Electric Rate Design Purposes
- 3 • Wa.UTC, UE-140762: In re Pacific Power & Light Company, Request for a General
4 Rate Revision Resulting in an Overall Price Change of 8.5 Percent, or \$27.2 Million
- 5 • Wa.UTC, UE-141141: In re Puget Sound Energy, Revises the Power Cost Rate in
6 WN U-60, Tariff G, Schedule 95, to reflect a decrease of \$9,554,847 in the
7 Company's overall normalized power supply costs
- 8 • Wy.PSC, 20000-446-ER-14: In re the Application of Rocky Mountain Power for
9 Authority to Increase Its Retail Electric Utility Service Rates in Wyoming
10 Approximately \$36.1 Million Per Year or 5.3 Percent
- 11 • Wa.UTC, UE-140188: In re Avista Corporation, General Rate Increase for Electric
12 Services, RE: Tariff WN U-28, Which Proposes an Overall Net Electric Billed
13 Increase of 5.5 Percent Effective January 1, 2015
- 14 • Or.PUC, UM 1689: In re PacifiCorp, dba Pacific Power, Application for Deferred
15 Accounting and Prudence Determination Associated with the Energy Imbalance
16 Market
- 17 • Or.PUC, UE 287: In re PacifiCorp, dba Pacific Power, 2015 Transition Adjustment
18 Mechanism.
- 19 • Or.PUC, UE 283: In re Portland General Electric Company, Request for a General
20 Rate Revision
- 21 • Or.PUC, UE 286: In re Portland General Electric Company's Net Variable Power
22 Costs (NVPC) and Annual Power Cost Update (APCU)

- 1 • Or.PUC, UE 281: In re Portland General Electric Company 2014 Schedule 145
- 2 Boardman Power Plant Operating Adjustment
- 3 • Or.PUC, UE 267: In re PacifiCorp, dba Pacific Power, Transition Adjustment, Five-
- 4 Year Cost of Service Opt-Out (adopting testimony of Donald W. Schoenbeck).