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VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

**Re: UM 1182 – In the Matter of PUBLIC UTILITY COMMISSION OF OREGON,
Investigation Regarding Competitive Bidding.**

Enclosed for filing in Docket UM 1182 are an original and one copy of Idaho Power Company's Response to Northwest and Intermountain Power Producers Coalition's Request for ALJ Certification for the Commission's Consideration. A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Wendy McIndoo
Office Manager

Enclosures
cc: Service List

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UM 1182(2)**

4 In the Matter of
5 PUBLIC UTILITY COMMISSION OF
6 OREGON,
7 Investigation Regarding Competitive
8 Bidding.

**IDAHO POWER COMPANY'S
RESPONSE TO NORTHWEST AND
INTERMOUNTAIN POWER
PRODUCERS COALITION'S REQUEST
FOR ALJ CERTIFICATION FOR THE
COMMISSION'S CONSIDERATION**

9 Pursuant to OAR 860-001-0420(5), Idaho Power Company ("Idaho Power" or
10 "Company") files this Response to the Northwest and Intermountain Power Producers
11 Coalition's Request for ALJ Certification for the Commission's Consideration ("Request").
12 The Northwest and Intermountain Power Producers Coalition's ("NIPPC") Request should
13 be denied because it has not demonstrated good cause exists, as required by OAR 860-
14 001-0110(2)(c). NIPPC has requested that Administrative Law Judge ("AJL") Traci
15 Kirkpatrick certify her Ruling of May 30, 2012, ("Ruling") establishing the issues list for this
16 phase of UM 1182. Specifically, NIPPC requests that the Commission remove Counter
17 Party Risk from the issues list and replace it with and examination of Wind Capacity
18 Factors. NIPPC has failed to demonstrate good cause exists to certify the Ruling because
19 the inclusion of Counter Party Risk is appropriate and consistent with the Commission's
20 guidance provided when this docket was reopened.

21 **I. ARGUMENT**

22 **A. NIPPC has not Shown Good Cause Exists for Certification of a Procedural**
23 **Ruling.**

24 NIPPC argues that good cause exists to certify this ruling to the Public Utility
25 Commission of Oregon ("Commission") to ensure that "the items addressed are the items
26

1 the Commission is most interested in pursuing. . .¹ NIPPC argues that an examination of
2 Counter Party Risk is inconsistent with the Commission’s intent for this docket as set forth
3 in Order No. 11-001.² Idaho Power disagrees.

4 In Order No. 11-001 the Commission stated that it was re-opening this docket to
5 develop a more comprehensive analysis of “all of the relevant risks” associated with utility
6 resource ownership as compared to entering into a power purchase agreement (“PPA”).³
7 Counter Party Risk is clearly relevant when comparing utility ownership versus a PPA and
8 NIPPC’s request does not claim otherwise. Rather, NIPPC argues that it is a risk that
9 weighs against independent power producers and should therefore be ignored.⁴ In
10 essence, NIPPC is arguing that the Commission intended to investigate only the positive
11 aspects of PPAs, while ignoring their risks. This approach is contrary to the Commission’s
12 desire in this case to fully vet the relevant and significant concerns related to PPAs.

13 ALJ Kirkpatrick’s Ruling correctly analyzed Order No. 11-001 and concluded that the
14 “Commission directed the parties to determine . . . an analytic framework and methodologies
15 to better evaluate and compare utility ownership of resources to the purchase of power
16 from [independent power producers]” and that inclusion of Counter Party Risk is consistent
17 with the Commission’s stated purpose in re-opening this docket.⁵ Idaho Power agrees; a
18 comprehensive comparison of these resources requires a balanced look at the risks
19 associated with both utility ownership and purchases from independent producers.

20 Moreover, the Ruling that NIPPC wants certified is a procedural ruling that does not
21 impact or affect any party’s substantive rights. Identifying the issues that will be
22

23 ¹ Request at 2.

24 ² Request at 2-3.

25 ³ Order No. 11-001 at 6.

26 ⁴ Request at 3.

⁵ Ruling at 4.

1 addressed does not constitute pre-judgment on the part of the Commission on the
2 substantive outcome of this docket. NIPPC, like all parties to the docket, will have a full
3 opportunity to develop the record with respect to Counter Party Risk and make substantive
4 recommendations to the Commission. Therefore, inclusion of Counter Party Risk as an
5 issue in this phase of the docket does not prejudice NIPPC or otherwise impact its
6 substantive rights.

7 The Ruling also specifically provides that additional items may be addressed in
8 subsequent proceedings.⁶ Indeed, even NIPPC's Request notes that the issues list
9 identified in the Ruling reflects simply the first issues that will be addressed, making clear
10 that NIPPC understands that subsequent issues may well be addressed in this
11 proceeding. This fact further undercuts NIPPC's claim that good cause exists to certify the
12 Ruling.

13 **B. Inclusion of Wind Capacity Factors as Requested by NIPPC is Problematic.**

14 NIPPC's Requests asks the Commission to remove Counter Party Risk from the
15 issues list and replace it with Wind Capacity Factors.⁷ As discussed in more detail by the
16 joint comments filed by Idaho Power, PacifiCorp, and Portland General Electric Company
17 on March 19, 2012,⁸ analysis of Wind Capacity Factors based on historical data (as
18 NIPPC has proposed⁹) is extremely problematic because the methods used to forecast
19 wind capacity factors today are significantly more sophisticated than the methods used in
20 the past and the methods are continuing to evolve as more and better data is obtained.
21 Therefore, exploration of this issue at this time is not likely to provide the Commission with
22 reliable data. NIPPC's proposal should therefore be rejected.

23 _____

24 ⁶ Ruling at 4 (" . . . I find it better to start with three discrete items.").

25 ⁷ Request at 3-4.

26 ⁸ See Comments of Investor-Owned Utilities at 12-13.

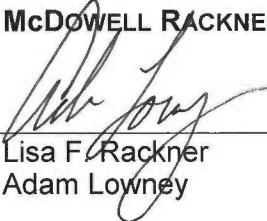
⁹ Request at 3 (analyzing historic PacifiCorp capacity factor projections)

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II. CONCLUSION

ALJ Kirkpatrick should reject NIPPC’s Request because NIPPC has failed to show that good cause exists to certify a procedural ruling identifying the issues to be addressed in this phase of the docket to the Commission. The identified issues are consistent with the Commission’s direction provided in Order No. 11-001 and ensure that this docket takes a balanced approach to analyzing all the risks associated with resource ownership compared to purchasing power from independent producers.

DATED: June 21, 2012.

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UM 1182 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

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