

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1505

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| In the Matter of |) | |
| |) | |
| PUBLIC UTILITY COMMISSION OF |) | |
| OREGON |) | COMMENTS OF INDUSTRIAL |
| |) | CUSTOMERS OF NORTHWEST UTILITIES |
| Solar Photovoltaic Program Draft Report |) | |
| Comments and Recommendations. |) | |
| _____ |) | |

I. INTRODUCTION

Industrial Customers of Northwest Utilities (“ICNU”) submits these comments to the Public Utility Commission of Oregon (“OPUC” or the “Commission”) regarding Commission Staff’s (“Staff”) Solar Photovoltaic Program Legislative Report (“Legislative Report”) in Docket No. UM 1505, released on December 10, 2010. The solar photovoltaic pilot program (“pilot program”) was established pursuant to House Bill (“HB”) 3039, and modified in 2010 by HB 3690. Under ORS § 757.365(13), the Commission is required to submit a report to the legislature regarding the costs and effectiveness of the pilot program every two years, with the first report due on January 1, 2011. Staff issued a draft of the Legislative Report on November 9, 2010, and ICNU submitted comments on the draft on November 23, 2010.

Staff has addressed many of the issues that ICNU raised in its initial comments, and ICNU appreciates the efforts of Staff to provide additional information in the Legislative Report. There are, however, several concerns that ICNU raised in its initial comments that Staff failed to fully address, and ICNU recommends that the revised report should include additional

information to better inform the legislature of the impacts of the pilot program. ICNU recommends that the Commission require the following revisions to the Legislative Report before adoption: 1) the inclusion of more detailed information about pilot program participation by rate schedule; 2) a description of the potential rate impacts by customer class consistent with the cost allocation that Staff will propose; and 3) a discussion of the Commission's plan to limit total generator nameplate capacity if the rate impact exceeds 0.25 percent for a particular customer class. Staff has provided sufficient explanation regarding why the Commission should not adopt an avoided cost approach to setting solar incentive rates at this time.

II. COMMENTS

A. The Legislative Report Fails to Present Data About Whether Industrial Customers Participate in the Program

The Legislative Report provides information about customer participation in two categories: residential and non-residential. Legislative Report at 9. The pilot program is designed to benefit the residential and small commercial customer classes, with 80 percent of program capacity allocated to these customers. Legislative Report at 4. Because the participation information in the Legislative Report subsumes all customer classes that are not residential into one category, it is impossible to discern whether industrial customers are participating in the pilot program, and if they are, to what extent they are participating. The Legislative Report should be revised to provide information about customer participation by rate schedule so that the legislature may be fully informed about which customers actually participate in and benefit from the pilot program.

B. The Draft Report Fails to Present Data Regarding the Cost Impacts to Customers on a Customer Class Basis

Although the cost allocation for the pilot program will not be determined until the pilot program costs are amortized in rates in a future proceeding, Staff's initial position is that industrial customers should pay greater than an equal percentage. If adopted by the Commission, Staff's position regarding cost allocation would require industrial customers to pay more than other customer classes for a program which is designed specifically to benefit residential and small commercial customers. Staff should revise the Legislative Report to include information regarding the estimated rate impacts by customer class/rate schedule, in a manner consistent with both an equal percentage approach and Staff's intended cost allocation proposal.

C. The Legislative Report Fails to Adequately Address Curtailment

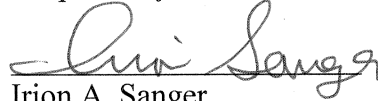
The Legislative Report and the comments from the utilities indicate that the utilities expect that they will exceed a 0.25 percent rate impact. Legislative Report at 10. Because the Legislative Report does not include information about estimated rate impacts by customer class, it is not clear whether or when the rate impacts will exceed 0.25 percent for a particular customer class. The legislation implementing the pilot program provides that the Commission may limit the total generator nameplate capacity of an electric company if the revenue requirement for a particular class exceeds 0.25 percent. ORS § 757.365(7). ICNU recommends that the Legislative Report be revised to include a discussion and a description of the Commission's plan for curtailment if rate impacts exceed 0.25 percent for any given customer class.

III. CONCLUSION

ICNU appreciates the efforts of Staff and the parties to develop a report that informs the legislature of the actual costs of the pilot program and recommends that the Commission require the modifications discussed above before adopting the Legislative Report.

Dated this 14th day of December, 2010.

Respectfully submitted,



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December 13, 2010

Via Electronic and U.S. Mail

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P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Solar
Photovoltaic Program Draft Report
Docket No. UM 1505

Dear Filing Center:

Enclosed please find a hard copy of the Comments on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket.

Thank you for your attention to this matter.

Sincerely yours,

/s/ Sarah A. Kohler
Sarah A. Kohler
Paralegal

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Comments 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, and via electronic mail where paper service has been waived.

Dated at Portland, Oregon, this 13th day of December, 2010.

/s/ Sarah A. Kohler
Sarah A. Kohler

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