

HARDY MYERS
Attorney General



PETER D. SHEPHERD
Deputy Attorney General

DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

November 15, 2007

VIA EMAIL AND U.S. MAIL

Attention: Filing Center
Public Utility Commission of Oregon
550 Capitol Street NE, #215
PO Box 2148
Salem, OR 97308-2148
Puc.filingcenter@state.or.us

Re: *In the Matter of the PUBLIC UTILITY COMMISSION OF OREGON Staff's Investigation into the Treatment of CO₂ Risk in the Integrated Resource Process (IRP) Process*
PUC Docket No. UM 1302
DOJ File No. 330-030-GN0300-07

Enclosed are an original and one copy of the OREGON DEPARTMENT OF ENERGY'S FINAL COMMENT IRP GUIDELINE AND ENVIRONMENTAL COSTS with certificate of service, in the above-captioned matter for filing with the PUC today.

Sincerely,

Janet L. Prewitt
Assistant Attorney General
Natural Resources Section

Enclosures
c: UM 1302 Service List

JLP:jrs/GENV9900

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF OREGON

3 UM 1302

4	In the Matter of the)	
5	PUBLIC UTILITY COMMISSION OF)	OREGON DEPARTMENT OF
6	OREGON Staff's Investigation into the)	ENERGY'S FINAL COMMENT
7	Treatment of CO ₂ Risk in the Integrated)	IRP GUIDELINE 8:
	Resource Process (IRP) Process)	ENVIRONMENTAL COSTS
)	

8 The Oregon Department of Energy (ODOE) proposes the following revisions to staff's
9 final version of IRP Guideline 8: Environmental Costs.

10 1. Amend the second sentence on page 2, "a. BASE CASE AND OTHER COMPLIANCE
11 SCENARIOS" to read:

12 *"The utility also should develop several compliance scenarios ranging from the present CO₂*
13 *regulatory level to the upper reaches of credible proposals that, within four decades, would*
stabilize CO₂ and other greenhouse gas concentrations in the atmosphere."

14 RATIONALE:

15 International agreements, proposed federal legislation and efforts by states and provinces
16 increasingly recognize that continued climate change will yield increasingly catastrophic
17 consequences. Only after the concentrations of CO₂ and other greenhouse gases in the
18 atmosphere are stable will climate begin to stabilize. Stabilizing the CO₂ concentration will
19 require 50 to 80 percent reductions in worldwide CO₂ emissions before 2050. Percentage
20 reductions for the U.S. electric sector will likely be this large or larger. U.S. per capita emissions
21 are among the highest in the world and electric sector emissions are more easily regulated than
22 other stationary sources and transport emissions.

23 2. Amend the fourth sentence in "a. BASE CASE AND OTHER COMPLIANCE
24 SCENARIOS:" on page 2 and add two new sentences following:

25 *"The utility should identify whether the basis of those requirements, or "costs," would be CO₂*
26 *taxes, a ban on certain types of resources, CO₂ caps (with or without flexibility mechanisms such*
as trading or a safety valve, and potentially recognizing upstream emissions relating to

1 *wholesale fuel and electricity purchases) or other greenhouse gas regulations. For example,*
2 *future regulation of greenhouse gas emissions from coal gasification facilities and liquefied*
3 *natural gas terminals might affect natural gas prices. Regulation of methane emissions from*
4 *coal mines might affect coal prices.”*

4 RATIONALE:

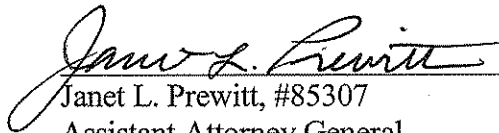
5 The Oregon PUC should encourage utilities to examine all credible factors that could
6 influence resource and fuel costs. It is likely that market prices of fuels will be affected by future
7 state and federal regulations of greenhouse gases. Reasonable forecasts of fuel and resource
8 costs should account for these likely impacts.

9 OPUC Staff’s clarification of Oct.24 to limit the analysis of upstream impacts solely to
10 wholesale power prices is insufficient. It would ignore upstream impacts on fuel costs that could
11 be reasonably forecasted.

12 DATED this 15th day of November 2007.

13
14 Respectfully submitted,

15 HARDY MYERS
16 Attorney General

17 
18 Janet L. Prewitt, #85307
19 Assistant Attorney General
20 Of Attorneys for Oregon Department of Energy
21
22
23
24
25
26

UM 1302
SERVICE LIST

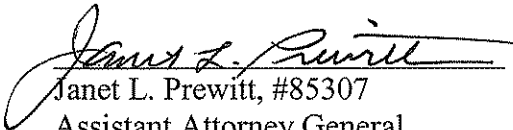
<p>Rates & Regulatory Affairs PORTLAND GENERAL ELECTRIC 121 SW Salmon St., 1WTC0702 Portland, OR. 97204 pge.opuc.filings@pgn.com</p>	<p>Oregon Dockets PACIFICORP 825 NE Multnomah St., Ste 2000 Portland, OR. 97232 oregondockets@pacificorp.com</p>	<p>Stephanie S. Andrus DEPARTMENT OF JUSTICE Regulated Utility & Business Section 1162 Court St. NE Salem, OR. 97301-4096 stephanie.andrus@state.or.us</p>
<p>Lowrey R. Brown CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway - Ste 308 Portland, OR. 97205 lowrey@oregoncub.org</p>	<p>Philip H. Carver OREGON DEPARTMENT OF ENERGY 625 Marion St NE Ste 1 Salem, OR. 97301-3742 philip.h.carver@state.or.us</p>	<p>George Compton OREGON PUBLIC UTILITY COMMISSION PO BOX 2148 Salem, OR. 97308-2148 george.compton@state.or.u</p>
<p>Kyle L. Davis PACIFICORP 825 NE Multnomah Portland, OR. 97232 kyle.l.davis@pacificorp.com</p>	<p>Melinda J. Davison DAVISON VAN CLEVE PC 333 SW Taylor - Ste 400 Portland, OR. 97204 mail@dvclaw.com</p>	<p>Greg N. Duvall PACIFICORP 825 NE Multnomah - Ste 600 Portland, OR. 97232 greg.duvall@pacificorp.com</p>
<p>James Edelson ECUMENICAL MINISTRIES OF OREGON 415 NE Mirimar Place Portland, OR. 97232 edelson8@comcast.net</p>	<p>Jason Eisdorfer CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway Ste 308 Portland, OR. 97205 jason@oregoncub.org</p>	<p>Edward A. Finklea CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP 1001 SW 5TH - Ste 2000 Portland, OR. 97204 efinklea@chbh.com</p>
<p>Ric Gale IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83707 rgale@idahopower.com</p>	<p>J. Richard George PORTLAND GENERAL ELECTRIC COMPANY 121 SW Salmon, St 1WTC1301 Portland, OR. 97204 richard.george@pgn.com</p>	<p>Ann English Gravatt RENEWABLE NORTHWEST PROJECT 917 SW Oak - Ste 303 Portland, OR. 97205 ann@rnp.org</p>
<p>David Hatton DEPARTMENT OF JUSTICE Regulated Utility & Business Section 1162 Court St NE Salem, OR. 97301-4096 david.hatton@state.or.us</p>	<p>Natalie Hocken PACIFICORP 825 NE Multnomah, Ste 2000 Portland, OR. 97232 natalie.hocken@pacificorp.com</p>	<p>Jenny Holmes EMO ENVIRONMENTAL MINISTRIES DIRECTOR inec@emoregon.org</p>
<p>Jesse Jenkins RENEWABLE NORTHWEST PROJECT 917 SW Oak St., Ste 303 Portland, OR. 97205 jesse@rnp.org</p>	<p>Robert Jenks CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway, Ste 308 Portland, OR. 97205 bob@oregoncub.org</p>	<p>Barton L. Kline, IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83707-0070 bkline@idahopower.com</p>
<p>Elisa M. Larson NORTHWEST NATURAL 220 NW 2nd Ave. Portland, OR. 97209 eml@nwnatural.com</p>	<p>Michelle R. Mishoe PACIFIC POWER & LIGHT 825 NE Multnomah Ste 1800 Portland, OR. 97232 michelle.mishoe@pacificorp.com</p>	<p>Monica B. Moen IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83703 mmon@idahopower.com</p>

<p>Lisa D. Nordstrom PO BOX 70 Boise, ID. 83703 lnordstrom@idahopower.com</p>	<p>Kimberly Perry MCDOWELL & RACKNER PC 520 SW Sixth Avenue, Suite 830 Portland, OR. 97204 kim@mcd-law.com</p>	<p>Paula E. Pyron NORTHWEST INDUSTRIAL GAS USERS 4113 Wolf Berry Ct Lake Oswego, OR. 97035-1827 ppyron@nwigu.org</p>
<p>Lisa F. Rackner MCDOWELL & RACKNER PC 520 SW Sixth Avenue Ste 830 Portland, OR. 97204 lisa@mcd-law.com</p>	<p>Irion A. Sanger DAVISON VAN CLEVE 333 SW Taylor - Ste 400 Portland, OR. 97204 ias@dvclaw.com</p>	<p>Inara K. Scott NORTHWEST NATURAL 220 NW 2nd Ave. Portland, OR. 97209 inara.scott@nwnatural.com</p>
<p>John W. Stephens ESLER STEPHENS & BUCKLEY 888 SW Fifth Ave. Ste 700 Portland, OR. 97204-2021 stephens@eslerstephens.com</p>	<p>Chad M. Stokes CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP 1001 SW 5th - Ste 2000 Portland, OR. 97204 cstokes@chbh.com</p>	<p>Jon T. Stoltz CASCADE NATURAL GAS PO BOX 24464 Seattle, WA. 98124 jstoltz@cngc.com</p>
<p>James M. Van Nostrand PERKINS COIE LLP 1120 NW Couch Street, 10th Floor Portland, OR. 97209-4128 jvannostrand@perkinscoie.com</p>	<p>Steven Weiss NORTHWEST ENERGY COALITION 4422 Oregon Trail Ct NE Salem, OR. 97305 steve@nwenergy.org</p>	<p>Paul M. Wrigley PACIFIC POWER & LIGHT 825 NE Multnomah St, Ste 2000 Portland, OR. 97232 paul.wrigley@pacificorp.com</p>
<p>Michael Youngblood IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83707 myoungblood@idahopower.com</p>		

CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of November, 2007, I served the foregoing OREGON DEPARTMENT OF ENERGY'S FINAL COMMENT IRP GUIDELINE 8: ENVIRONMENTAL COSTS, electronically upon, the persons named on the attached service list. All parties have waived paper service.

DATED: This 15th day of November, 2007.


Janet L. Prewitt, #85307
Assistant Attorney General

1 *wholesale fuel and electricity purchases) or other greenhouse gas regulations. For example,*
2 *future regulation of greenhouse gas emissions from coal gasification facilities and liquefied*
3 *natural gas terminals might affect natural gas prices. Regulation of methane emissions from*
4 *coal mines might affect coal prices.”*

4 RATIONALE:

5 The Oregon PUC should encourage utilities to examine all credible factors that could
6 influence resource and fuel costs. It is likely that market prices of fuels will be affected by future
7 state and federal regulations of greenhouse gases. Reasonable forecasts of fuel and resource
8 costs should account for these likely impacts.

9 OPUC Staff’s clarification of Oct.24 to limit the analysis of upstream impacts solely to
10 wholesale power prices is insufficient. It would ignore upstream impacts on fuel costs that could
11 be reasonably forecasted.

12 DATED this 15th day of November 2007.

13
14 Respectfully submitted,

15 HARDY MYERS
16 Attorney General

17
18 _____
19 Janet L. Prewitt, #85307
20 Assistant Attorney General
21 Of Attorneys for Oregon Department of Energy
22
23
24
25
26

UM 1302
SERVICE LIST

<p>Rates & Regulatory Affairs PORTLAND GENERAL ELECTRIC 121 SW Salmon St., 1WTC0702 Portland, OR. 97204 pge.opuc.filings@pgn.com</p>	<p>Oregon Dockets PACIFICORP 825 NE Multnomah St., Ste 2000 Portland, OR. 97232 oregondockets@pacificorp.com</p>	<p>Stephanie S. Andrus DEPARTMENT OF JUSTICE Regulated Utility & Business Section 1162 Court St. NE Salem, OR. 97301-4096 stephanie.andrus@state.or.us</p>
<p>Lowrey R. Brown CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway - Ste 308 Portland, OR. 97205 lowrey@oregoncub.org</p>	<p>Philip H. Carver OREGON DEPARTMENT OF ENERGY 625 Marion St NE Ste 1 Salem, OR. 97301-3742 philip.h.carver@state.or.us</p>	<p>George Compton OREGON PUBLIC UTILITY COMMISSION PO BOX 2148 Salem, OR. 97308-2148 george.compton@state.or.us</p>
<p>Kyle L. Davis PACIFICORP 825 NE Multnomah Portland, OR. 97232 kyle.l.davis@pacificorp.com</p>	<p>Melinda J. Davison DAVISON VAN CLEVE PC 333 SW Taylor - Ste 400 Portland, OR. 97204 mail@dvclaw.com</p>	<p>Greg N. Duvall PACIFICORP 825 NE Multnomah - Ste 600 Portland, OR. 97232 greg.duvall@pacificorp.com</p>
<p>James Edelson ECUMENICAL MINISTRIES OF OREGON 415 NE Mirimar Place Portland, OR. 97232 edelson8@comcast.net</p>	<p>Jason Eisdorfer CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway Ste 308 Portland, OR. 97205 jason@oregoncub.org</p>	<p>Edward A. Finklea CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP 1001 SW 5TH - Ste 2000 Portland, OR. 97204 efinklea@chbh.com</p>
<p>Ric Gale IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83707 rgale@idahopower.com</p>	<p>J. Richard George PORTLAND GENERAL ELECTRIC COMPANY 121 SW Salmon, St 1WTC1301 Portland, OR. 97204 richard.george@pgn.com</p>	<p>Ann English Gravatt RENEWABLE NORTHWEST PROJECT 917 SW Oak - Ste 303 Portland, OR. 97205 ann@rnp.org</p>
<p>David Hatton DEPARTMENT OF JUSTICE Regulated Utility & Business Section 1162 Court St NE Salem, OR. 97301-4096 david.hatton@state.or.us</p>	<p>Natalie Hocken PACIFICORP 825 NE Multnomah, Ste 2000 Portland, OR. 97232 natalie.hocken@pacificorp.com</p>	<p>Jenny Holmes EMO ENVIRONMENTAL MINISTRIES DIRECTOR inec@emoregon.org</p>
<p>Jesse Jenkins RENEWABLE NORTHWEST PROJECT 917 SW Oak St., Ste 303 Portland, OR. 97205 jesse@rnp.org</p>	<p>Robert Jenks CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway, Ste 308 Portland, OR. 97205 bob@oregoncub.org</p>	<p>Barton L. Kline IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83707-0070 bkline@idahopower.com</p>
<p>Elisa M. Larson NORTHWEST NATURAL 220 NW 2nd Ave. Portland, OR. 97209 eml@nwnatural.com</p>	<p>Michelle R. Mishoe PACIFIC POWER & LIGHT 825 NE Multnomah Ste 1800 Portland, OR. 97232 michelle.mishoe@pacificorp.com</p>	<p>Monica B. Moen IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83703 mmoen@idahopower.com</p>

<p>Lisa D. Nordstrom PO BOX 70 Boise, ID. 83703 lnordstrom@idahopower.com</p>	<p>Kimberly Perry MCDOWELL & RACKNER PC 520 SW Sixth Avenue, Suite 830 Portland, OR. 97204 kim@mcd-law.com</p>	<p>Paula E. Pyron NORTHWEST INDUSTRIAL GAS USERS 4113 Wolf Berry Ct Lake Oswego, OR. 97035-1827 ppyron@nwigu.org</p>
<p>Lisa F. Rackner MCDOWELL & RACKNER PC 520 SW Sixth Avenue Ste 830 Portland, OR. 97204 lisa@mcd-law.com</p>	<p>Irion A. Sanger DAVISON VAN CLEVE 333 SW Taylor - Ste 400 Portland, OR. 97204 ias@dvclaw.com</p>	<p>Inara K. Scott NORTHWEST NATURAL 220 NW 2nd Ave. Portland, OR. 97209 inara.scott@nwnatural.com</p>
<p>John W. Stephens ESLER STEPHENS & BUCKLEY 888 SW Fifth Ave. Ste 700 Portland, OR. 97204-2021 stephens@eslerstephens.com</p>	<p>Chad M. Stokes CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP 1001 SW 5th - Ste 2000 Portland, OR. 97204 cstokes@chbh.com</p>	<p>Jon T. Stoltz CASCADE NATURAL GAS PO BOX 24464 Seattle, WA. 98124 jstoltz@cngc.com</p>
<p>James M. Van Nostrand PERKINS COIE LLP 1120 NW Couch Street, 10th Floor Portland, OR. 97209-4128 jvannostrand@perkinscoie.com</p>	<p>Steven Weiss NORTHWEST ENERGY COALITION 4422 Oregon Trail Ct NE Salem, OR. 97305 steve@nwenergy.org</p>	<p>Paul M. Wrigley PACIFIC POWER & LIGHT 825 NE Multnomah St, Ste 2000 Portland, OR. 97232 paul.wrigley@pacificcorp.com</p>
<p>Michael Youngblood IDAHO POWER COMPANY PO BOX 70 Boise, ID. 83707 myoungblood@idahopower.com</p>		

CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of November, 2007, I served the foregoing OREGON DEPARTMENT OF ENERGY'S FINAL COMMENT IRP GUIDELINE 8: ENVIRONMENTAL COSTS, electronically upon, the persons named on the attached service list. All parties have waived paper service.

DATED: This 15th day of November, 2007.

Janet L. Prewitt, #85307
Assistant Attorney General