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BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM-1129

IN THE MATTER OF THE)	MOTION BY
PUBLIC UTILITY COMMISSION)	SHERMAN COUNTY AND
OF OREGON STAFF'S)	J.R. SIMPLOT COMPANY
INVESTIGATION RELATING)	TO INSTITUTE A
TO ELECTRIC UTILITY)	SUPPLEMENTARY
PURCHASES FROM QUALIFYING)	PROCEEDING TO
FACILITIES)	REVIEW AVOIDED COST RATES

Pursuant to Order No. 05-584 in the above captioned docket, the Sherman County Court and the J.R. Simplot Company hereby move this Commission to implement a supplementary proceeding to review the avoided cost rates contained in the compliance filings made by Idaho Power Company, PacifiCorp, dba Pacific Power and Portland General Electric Company.

BACKGROUND

In setting the avoided cost rates for the three utilities identified above this Commission offered the following invitation for any party to request that the rates be re-examined in light of changed circumstances:

Understanding that circumstances may change to make existing avoided cost rates

either too low or too high, we recognize that other parties besides the utility may wish to address avoided cost rates on an unscheduled basis. Consequently, we will exercise our discretion, when appropriate, to direct a utility to make an avoided cost filing between scheduled filings. The Commission may institute a supplementary proceeding to review a utility's avoided costs on its own motion or at the request of a party.

Order No. 05-584 at page 29.

Additionally, the Commission declared that:

Furthermore we encourage parties to notify the Commission when it may be appropriate to review avoided cost rates between filing deadlines.
Id.

Sherman County and J.R. Simplot hereby respectfully notify this Commission that it is now appropriate to review avoided cost rates due to the dramatic and sustained increase in natural gas prices since the utility compliance filings were made.


It has been nineteen months since the current rates were set. To be consistent with the Commission's two year cycle for refreshing avoided cost rates the utilities will have to file their rates later this year. Granting this petition serves to speed up that process and will aid the Commission in achieving its "overriding goal to accurately assess avoided costs on an ongoing basis". Id. In order to have new rates in a timely fashion, it will be necessary to begin the process now. In addition, as discussed below, circumstances have changed dramatically since the avoided cost rates were set in July of 2005.

The current avoided cost rates were set in July 2005 based on the utilities' natural gas forecasts that were roughly current at that time. Both PacifiCorp and PGE have updated their natural gas forecasts since and both indicate a marked increase in their expectations of natural gas prices in the future. The current natural gas price forecasts are being used by the utilities to justify current power supply decisions. This can only mean that the current avoided cost rates are no longer accurate and need to be adjusted by the Commission.

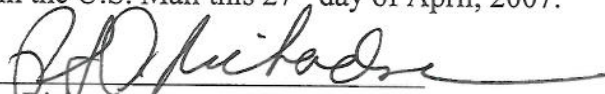
We have had an opportunity to review PacifiCorp's updated natural gas forecast and it indicates that they now believe that natural gas prices will be substantially higher than the prices that were used in setting its avoided cost rates. PGE has not made its most recent natural gas price forecast public, however the Company has made public statements indicating that their new natural gas price forecast is substantially higher than the one used to set their avoided cost rates. Finally, Idaho Power used a natural gas forecast that was contemporary with the ones used by PacifiCorp and PGE and therefore there is reason to investigate its continued use as well.

Wherefore, your petitioners hereby respectfully request that this Commission implement a "supplementary proceeding" in which the continued validity of the use of the 2005 natural gas forecast for the three utilities discussed above is examined.

RESPECTFULLY SUBMITTED this 27th day of April 2007.

By 
Peter Richardson OSB # 066687
RICHARDSON & O'LEARY PLLC

I hereby certify that the foregoing MOTION BY SHERMAN COUNTY AND J.R. SIMPLOT COMPANY TO INSTITUTE A SUPPLEMENTARY PROCEEDING TO REVIEW AVOIDED COST RATES was electronically mailed to all parties of record with a physical copy put in the U.S. Mail this 27th day of April, 2007.


Peter Richardson

I hereby certify that the foregoing MOTION BY SHERMAN COUNTY AND J.R. SIMPLOT COMPANY TO INSTITUTE A SUPPLEMENTARY PROCEEDING TO REVIEW AVOIDED COST RATES was electronically mailed to all parties of record identified on the attached official OPUC service list by placing a physical copy put in the U.S. Mail on the 27th day of April, 2007.

A handwritten signature in blue ink, appearing to read "Peter Richardson", is written over a horizontal line.

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Public Utility Commission

eDockets

Docket Summary

Docket No: UM 1129

Docket Name: INVESTIGATION RELATED TO ELECTRIC UTILITY PURCHASES FROM QUALIFYING FACILITIES

[Print Sum](#)
See also: 06-019 06-10/06-26

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Staff's Investigation Relating to Electric Utility Purchases from Qualifying Facilities. (Staff Report for January 20, 2004 Public Meeting (Item No. 2); filed by Jack Breen III.

Filing Date: 1/20/2004

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