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September 21, 2012

Via FedEx and Electronic Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PACIFICORP 2013 Transition Adjustment Mechanism
Docket No. UE 245

Dear Filing Center:

Enclosed please find an original and five (5) copies of the Joint Closing Brief on behalf of the Industrial Customers of Northwest Utilities and Citizens' Utility Board of Oregon in the above-referenced docket.

Please return one file-stamped copy of the Closing Brief in the self-addressed, stamped envelope provided.

Thank you for your assistance, and please do not hesitate to contact our office if you have any questions.

Sincerely yours,

/s/ Sarah A. Kohler
Sarah A. Kohler

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing the Joint Closing Brief on behalf of the Industrial Customers of Northwest Utilities and the Citizens' Utility Board of Oregon 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 21st day of September, 2012.

/s/ Sarah A. Kohler
Sarah A. Kohler

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 245

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	THE INDUSTRIAL CUSTOMERS OF
)	NORTHWEST UTILITIES AND
2013 Transition Adjustment Mechanism)	CITIZENS' UTILITY BOARD OF
Schedule 201, Net Power Costs, Cost-Based)	OREGON'S JOINT CLOSING BRIEF
Supply Service)	
_____)	

**JOINT CLOSING BRIEF OF
THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES AND
CITIZENS' UTILITY BOARD OF OREGON**

September 21, 2012

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I. INTRODUCTION

The Industrial Customers of Northwest Utilities (“ICNU”) and the Citizens’ Utility Board of Oregon (“CUB”) submit this joint posthearing closing brief in PacifiCorp’s (or the “Company”) transition adjustment mechanism (“TAM”) proceeding. ICNU and CUB recommend that the Oregon Public Utility Commission (the “Commission” or “OPUC”) should order PacifiCorp to reduce its net power cost rates by approximately \$2.4 million, and find a new power cost model for all future rate proceedings in Oregon.^{1/} In addition, ICNU recommends that the Commission adopt the direct access recommendations of Noble Americas Energy Solutions, LLC (“Noble”) that would prevent PacifiCorp from ending direct access in its service territory, but still only maintain the status quo of extremely limited direct access participation.^{2/} As this is the third legal brief in this proceeding, ICNU and CUB do not address all the issues raised in PacifiCorp’s Posthearing Opening Brief, but only those issues which have not fully been responded to in earlier briefs. PacifiCorp continues to mischaracterize and distort ICNU’s testimony and positions in this and other proceedings, and the Commission should carefully review all the Company’s claims and supporting citations to reach its own conclusions.

II. ARGUMENT

A. The Commission Should Reject PacifiCorp’s Late-Filed Affidavit

Without filing any motion or other request, PacifiCorp attaches an affidavit of Gregory Duvall (“Duvall Affidavit”) that purportedly explains the reasons for rate increases in prior TAM proceedings and provides further support for the Company’s proposal to eliminate the Commission’s arbitrage and trading adjustment. PacifiCorp’s request is contrary to Oregon

^{1/} Unless noted, all revenue requirement numbers are on an Oregon allocated basis.

^{2/} CUB takes no position on PacifiCorp’s and Noble’s recommendations regarding the calculation of the transition adjustment mechanism for direct access customers.

law and Commission practice, and the Duvall Affidavit should not be included in the record nor relied upon in reaching resolution of the issues in this proceeding. The Duvall Affidavit should not only be rejected, but the Commission should strongly chastise the Company for abusing the regulatory process by putting its primary substantive arguments and facts in favor of its proposals in its reply testimony, legal briefs, and now after the close of the record.

Oregon law states that after the conclusion of taking evidence, “no additional evidence shall be received except upon the order of the commission and a reasonable opportunity of the parties to examine any witnesses with reference to the additional evidence and otherwise rebut and meet such additional evidence.” ORS § 756.558. The Commission will also interpret its own rules “to ensure just, speedy, and inexpensive resolution of the issues presented.” OAR § 860-001-0000(1). The Commission has recognized that reopening the record requires providing other parties an opportunity to respond and has denied requests to reopen the record when it would delay the proceedings, merely provide additional arguments, and provide no relevant clarification of the issues. Re PacifiCorp, Docket No. UE 170, Order No. 06-172 at 3 (Apr. 12, 2006).

PacifiCorp has not requested that the Duvall Affidavit be accepted into the record let alone provided any information that would meet the requirements of statute and Commission precedent. PacifiCorp instead merely filed new evidence under the assumption that the Commission would consider it in resolving contested issues in this case. See PacifiCorp Posthearing Brief at 6-7, 9. PacifiCorp has not disputed that the evidentiary hearing closed on August 16, 2012. Hearing Transcript (“Tr.”) at 144. Absent fully reopening the record, including subjecting Mr. Duvall to cross examination, there is no reasonable opportunity for ICNU, CUB, or the other parties to conduct discovery upon its factual assertions, or an

opportunity to submit their own testimony in response. The Duvall Affidavit does not include straight forward information that can be understood without additional review and the opportunity for rebuttal. For example, PacifiCorp has categorized certain types of costs, but ICNU and CUB have no way to ascertain what costs are included in each category or whether the information is accurate without workpapers (which were not provided), discovery, and the right to cross examination and submit rebuttal testimony.

Further accepting the Duvall Affidavit would be inconsistent with ensuring a just, speedy and inexpensive resolution of the issues. OAR § 860-001-0000(1). The hearing has concluded, and while all parties may wish to include additional evidence that bolsters their case after the hearing, this is simply not how the adjudicative process works. Parties are not allowed to submit un-refuted new evidence after the close of the hearing absent some compelling reason and demonstration that it will not prejudice other parties. PacifiCorp has made no showing that it is necessary to include the affidavit in the record, nor that the affidavit's inclusion will not prejudice the other parties.

PacifiCorp also disingenuously asserts that the purpose of the Duvall Affidavit is to provide a non-controversial summary of its actual and forecast net power costs in response to the Commission's direction to provide a history of the TAM. While ICNU and CUB do not agree that the Duvall Affidavit is accurate or relevant to the history of past TAM increases, the Company also uses the new affidavit to support elimination of the arbitrage and trading adjustment. PacifiCorp is apparently not satisfied with relying on its reply testimony on the arbitrage and trading issues in the GRID model, and now wants to submit new information on this issue after the close of the record that it asserts "confirms that, as compared to actual [net power costs], GRID has overstated the wholesale sales credit since UE 179." PacifiCorp Brief at

9. This of course is a major controversial issue in the case. ICNU and CUB do not agree that GRID has overstated the wholesale sales credit, and there is no reason why the Company could not have included these assertions in its direct testimony, which would have provided all the parties an opportunity to conduct discovery and submit responsive testimony. PacifiCorp regularly includes new information in its rebuttal testimony, but submitting new evidence as an attachment to a brief is beyond any bounds of fairness and due process for the other parties.

If the Commission does not reject this unprecedented effort to supplement the record with a post-hearing affidavit, then the affidavit should be provided no weight. In addition to providing unsubstantiated and un-refuted evidence, the Duvall Affidavit also appears to contradict the Company's own arguments and shows that the Company has consistently overstated certain costs in its TAM proceedings. Specifically, the Duvall Affidavit appears to show that the Company has over-recovered purchase power, fuel, and transmission expenses. It is notable that, despite this over-recovery, the Company has not proposed any caps or restrictions in GRID that would restrict the amount of these costs. These are just some of the issues that would need to be reviewed, and the Duvall Affidavit should be rejected to prevent undue prejudice to the parties.

B. PacifiCorp's Overly Positive Characterization of the TAM Is Inconsistent with Reality

PacifiCorp continues to argue that the TAM is needed to prevent direct access customers from shifting costs to other customers, and that the TAM is an important regulatory tool that has allowed the Company to avoid filing general rate cases. PacifiCorp Opening Brief at 1-6. The most telling rebuttal to PacifiCorp's claim—that the TAM has served to limit PacifiCorp's rate increases—is that both ICNU and CUB continue to oppose the TAM on the grounds that it has allowed PacifiCorp to unnecessarily increase its rates. Similarly, as there is

almost no direct access load and little if any costs to shift, the TAM does not serve to protect cost-of-service customers from the costs, if any, of customers selecting direct access. Even if there were cost shifting, it would be far less than the annual TAM related rate increases that cost of service customers have been forced to endure since the TAM was created. These annual TAM rate increases include:

Annual TAM Increases		
Year	Averages	Industrial Avg.
2007	1.2% Average	1.7% Industrial
2008	2.5% Average	3.5% Industrial
2009	1.0% Average	1.3% Industrial
2010	0.4% Average	0.5% Industrial
2011	6.3% Average	8.4% industrial
2012	4.4% Average	5.8% Industrial

Docket No. UE 246, ICNU/102, Deen/3. This is only a partial list of rate increases, as industrial customer rates were increased about 20% in 2011 alone.

Without support, PacifiCorp claims that the TAM allowed PacifiCorp to forego general rate case filings in Oregon for rates effective in 2008, 2009, and 2012. PacifiCorp Opening Brief at 2. PacifiCorp provides no support for why it did or did not file general rate cases in any year, but the TAM has not served to limit Oregon rate increases. For example, it is more likely that PacifiCorp did not file general rate case for rates effective in 2012, because the Company was retaining significant cost savings that it did not want to pass back to customers or otherwise offset the TAM-increase. In 2011, PacifiCorp experienced lower capital costs that were not passed back to customers. The difference between the lower 7.655% rate of return agreed to in the Company's current general rate case (Docket No. UE 246) and the 8.08% rate of return in the Company's last general rate case (Docket No. UE 217) would have saved customers about \$15 million a year on an Oregon revenue requirement basis. Similarly, in the last TAM,

PacifiCorp was allowed to pass on the higher power costs associated with load growth, but kept the approximately \$30.8 million in higher Oregon revenues that occurred and would have been used to offset the rate increase if PacifiCorp had filed a general rate case. Docket No. UE 227, Order No. 11-435 at 6 (Nov. 4, 2011). These two cost reductions alone (additional load growth revenues and lower capital costs) would have offset nearly all of the \$49.5 million TAM-rate increase the Company was able to obtain last year. Docket No. UE 246, ICNU/102, Deen/3 (PacifiCorp final TAM increase). Rather than saving customers from a general rate case in 2011, the existence of a single issue power cost rate case mechanism has allowed PacifiCorp to utilize the regulatory process to increase rates without accounting for significant and known cost savings.

A review of the Company's other filings also contradicts PacifiCorp's claim that it would have filed more general rate cases without the TAM. For example, in 2008, the Company did not file a general rate case, but obtained a 1% (1.3% industrial) TAM rate increase for the 2009 calendar year. It is highly unlikely that the Company would have filed a general rate case just to obtain the 1% power cost rate increase. While the Company obtained a 2.5% TAM-related rate increase for the calendar year 2008, PacifiCorp has provided no information that it would have filed a general rate increase without this increase. Essentially, there is no evidence that the existence of a TAM had any impact on the Company filing a general rate case in 2007 and 2008, and the existence of the TAM likely prevented customers from obtaining cost savings in 2011. In addition, the extension of the TAM has not stopped the Company from filing general rate cases in all of the other years.

The Company paints a picture of the TAM as a smooth moving process with a limited scope that the parties have been able to resolve without controversy in five of the six

TAM proceedings. PacifiCorp Opening Brief at 5-6. The TAM has not been a limited proceeding that has been easily resolved through stipulations. As touched upon in ICNU and CUB's joint opening brief in this proceeding and the testimony of ICNU witness Michael Deen in the PacifiCorp general rate case, each and every TAM has been a difficult and contentious proceeding. ICNU-CUB Joint Posthearing Brief ("ICNU-CUB Brief") at 2-6; Docket No. UE 246, ICNU/100, Deen/15-21. While PacifiCorp claims that five of the six TAMs have been resolved through stipulations, the Company fails to note that one of those stipulations (Docket No. UE 227) did not include ICNU and was fully litigated. All of the proceedings were very contentious, with challenges to PacifiCorp's multiple alterations of the TAM "guidelines," and major disputes about the scope of updates. There remain major unresolved issues regarding how the TAM should operate (e.g., how to address inaccurate load forecasts in non-general rate case years, the scope and review of final updates, calculation of the direct access charges and credits, PacifiCorp's continuing efforts to make major changes to its GRID model, etc.). All customers would face more stable and more equitable rates without the TAM.

C. The Commission Should Disregard PacifiCorp's Claims Regarding Net Power Cost Under Recovery

PacifiCorp argues that it should be allowed to increase rates in the TAM and also be allowed a power cost adjustment mechanism ("PCAM") in the general rate case, alleging that it has under recovered its net power costs the last few years. PacifiCorp Brief at 8-14.

PacifiCorp fails to identify any specific aspect of its power cost modeling that has caused this under recovery, pointing only to the normal rate case process and regulatory lag. Id. at 11-12.

Similarly, other than its vague claims about the GRID model inaccurately forecasting power costs in the past, PacifiCorp has not demonstrated that ICNU, Staff, and CUB's recommendations will produce an inaccurate net power cost forecast for 2013.

The Commission should discount any PacifiCorp claims of power cost under recovery, since PacifiCorp's evidence on this issue was not filed in this case, and neither ICNU nor CUB conducted an audit of the accuracy of these assertions or any substantive analysis of the Company's actual net power costs. E.g., Docket No. UE 246, ICNU/100, Deen/10. ICNU and CUB, however, do not agree that PacifiCorp has shown that it is systematically been unable to collect its actual net power costs. Actual and forecast net power costs can differ for a variety of reasons, including weather, loads, market conditions, and resource performance. Id. For example, PacifiCorp has not shown that any alleged net power cost under recovery is not related to Utah load growth or other factors unrelated to Oregon's operations. Id. PacifiCorp's actual net power costs would need to be carefully analyzed before a conclusion could be made that on a normalized basis the Company is unable to recover the appropriate amount of net power costs in Oregon. Id.

Nearly all of the Company's claimed causes for its alleged power cost under recovery impact all other regulated electric utilities. The Company claims it has settled power costs lower than it wanted (even though it agreed at the time they were fair, just and reasonable), many power cost inputs are normalized (like most other costs for all regulated utilities), and that the TAM Guidelines limit the scope and timing of updates (even though it is allowed an update in mid-November after the hearing). PacifiCorp Brief at 8-14. PacifiCorp's real complaint is that it wants to be able to recover all of its actual costs, obtain recovery for costs that have not been reviewed by the parties, and completely eliminate all regulatory lag. PacifiCorp's desire to upset the standard regulatory model and eliminate regulatory lag associated with cost increases does not mean that the Company is unable to adequately recover its costs in Oregon. Such an outcome would effectively shift the entire risk of power cost changes to customers. This

undoubtedly should lower the Company's authorized return on equity.

D. The Commission Should Not Accept PacifiCorp's Changing Rationale for the Market Caps

PacifiCorp's prehearing and posthearing briefs in this case raise two new arguments regarding why the market caps should be retained: 1) they are necessary to address market illiquidity; and 2) elimination of the market caps distorts actual market transactions. ICNU and CUB thoroughly refuted PacifiCorp's market illiquidity arguments, but the Company's argument that GRID distorts the markets is entirely new. See ICNU-CUB Brief at 14-16. ICNU and CUB, however, note that market caps have been litigated for years and, even after the Commission requested a full justification for market caps in the Company's direct testimony in this case, PacifiCorp did not raise these entirely new theories and factual claims until the briefing stage. Over the years, the Company's justification for why the market caps are needed has changed based on the facts of each case.

PacifiCorp's current theory regarding market caps is that they are needed because, without the caps, "GRID shifts sales from liquid hubs, with their generally lower market prices, to illiquid hubs, with their generally higher market prices." PacifiCorp Opening Brief at 19. First, as PacifiCorp did not discuss this issue until its brief, the Company has not presented any evidence to demonstrate that this sales shifting is systematic in GRID. While removing the market caps in this case increases sales to the smaller hubs, the overall level of sales still remains lower than total historical levels. Additionally, PacifiCorp has not shown that the sales levels at the individual hubs (including the smaller hubs) are outside of a reasonable range. There is nothing inappropriate about PacifiCorp using its expensive transmission system to make sales at hubs with better prices to lower its overall power costs.

PacifiCorp's argument also relies upon the claim of market illiquidity, another issue on which PacifiCorp did not submit any testimony to establish. For example, PacifiCorp's Opening Brief claims the market caps are needed to address market liquidity concerns, but the Company does not cite any of its own evidence that there actually are illiquid hubs in the real time electricity market. Instead, the Company continues to distort ICNU's testimony and briefing from this and other cases in an attempt to demonstrate market illiquidity. Either the Company's own witnesses were unwilling to testify on this issue, or the Company did not develop this theory until after it filed its testimony. Either way, the Company has failed to meet its burden of proof to demonstrate any actual market illiquidity or that the market caps are needed.

PacifiCorp is also incorrect when it claims that Mr. Deen "admitted" at hearing that market caps are the only constraint in GRID to protect against market illiquidity. PacifiCorp Posthearing Brief at 16 n.59. Notably, PacifiCorp does not include a citation to the hearing transcript for this alleged admission. Mr. Deen explained in written testimony and the hearing that the market caps are the only post hoc constraint outside the model, but that there are other constraints embedded in the model, including transmission and resource constraints. Docket No. UE 245, ICNU/100, Deen/8; Tr. at 82-83 (Deen).

Finally, PacifiCorp asserts that other Northwest utilities do not use market caps, as PGE primarily transacts at the relatively liquid Mid-C hub and the AURORA model used by PSE, Idaho Power and Avista relies on dynamic pricing to account for liquidity through price changes. PacifiCorp Posthearing Brief at 22. PacifiCorp is correct that dynamic pricing is a preferable method to address market illiquidity than market caps, but this does not support the reasonableness of the Company's market caps restriction or that the Company actually

experiences any illiquidity problems. The fact that other utilities use better models supports elimination of the GRID model in its entirety. At a minimum, not making the model worse, with one-sided restrictions that harm customers and reduce the accuracy of its forecast of market sales, would be an improvement.

E. The GRID Model Does Not Account for All Arbitrage and Trading Transactions

ICNU and CUB have previously explained why the Commission should maintain its own arbitrage and trading adjustment, that the GRID model has not been changed to incorporate all the transactions that will occur during the test period, and also how it is inappropriate for the Company to rely upon new claims in its reply testimony. ICNU/CUB Opening Brief at 17-20. PacifiCorp, however, continues to argue that the dispute about the arbitrage and trading adjustment is largely “semantics,” and that ICNU and CUB have simply defined arbitrage transactions too narrowly. PacifiCorp Brief at 9-10.

This dispute is not just about different definitions, nor has Mr. Deen too narrowly focused the definition of arbitrage transactions on executed transactions. ICNU and CUB recognize that GRID simulates some transactions, but the evidence demonstrates that the GRID model simply does not capture all of the trading and arbitrage transactions. ICNU-CUB Opening Brief at 9-12, 20-22. The volume of actual trades is lower than historical numbers, even with keeping the arbitrage and trading adjustment and removing the market caps. *Id.* at 20-22. Including a higher volume of transactions will more accurately estimate the Company’s sales revenues.

F. The Commission Should Remove the Costs of All Third-Party Wind Generation that Does Not Provide Benefits to Oregon Ratepayers

PacifiCorp accuses ICNU of adopting a new position and “cherry picking” when ICNU revised downward the value of its third-party wind integration charge from \$1.6 million to

approximately \$0.8 million. PacifiCorp Opening Brief at 23. ICNU has not changed its position, which has been and continues to be the same: costs that do not benefit Oregon retail customers should not be included in rates. Docket No. UE 245, ICNU/100, Deen/15-16. In this case, ICNU proposed the exact same third-party wind integration adjustment that was approved in Washington and Idaho, but in reply testimony the Company for the first time provided evidence that it was able to recover some of its third-party wind integration costs from the wind generators, which resulted in some customer benefits. PacifiCorp was well aware that this issue was controversial, and the Company should have provided its additional evidence when it filed its direct testimony. Since the Company elected to wait to provide this new evidence in reply testimony, ICNU was unable to consider and incorporate the information in Mr. Deen's pre-filed testimony. Instead of criticizing ICNU, the Company should applaud ICNU for taking a consistent position and revising its adjustment, even though the change lowers the revenue requirement impact and is less than what other state commissions have approved.

PacifiCorp also argues that the third-party wind integration adjustment gives "no consideration" for the agreement in the general rate case to defer the incremental revenues under PacifiCorp's new Open Access Transmission Tariff ("OATT"). PacifiCorp Brief at 23-24. PacifiCorp is correct that no credit is given, as none should be. In the general rate case, ICNU recommended that a known and measurable adjustment should be made to account for PacifiCorp's additional revenues that it will obtain from its increased OATT rates. Docket No. UE 246, ICNU/100, Deen/2-3, 6-7. Instead of making this adjustment, the parties in the general rate case agreed that all actual revenues should be deferred and directly passed back to customers. Docket No. UE 246, Joint Partial Stipulation at ¶ 13. PacifiCorp, however, will not obtain any revenues under its OATT for the variable costs of third-party wind integration,

because the Company did not propose to change its OATT to recover these costs. Docket No. UE 245, ICNU/100, Deen/15-16. No variable costs of third-party wind generation should be passed to Oregon ratepayers unless the Company can establish benefits by offsetting those costs with revenues from its OATT or separate contracts.

PacifiCorp also misleadingly argues that ICNU's position in this case is inconsistent with ICNU's recommendation in a recent PSE case. PacifiCorp Posthearing Brief at 24. In the PSE case, ICNU argued that PSE had filed for a new OATT (including a new charge for the costs of wind integration), and any revenues that PSE obtains should be recognized. PAC/405 at 9-10. This is exactly the same position that ICNU took in PacifiCorp's general rate case regarding PacifiCorp's OATT revenues. Docket No. UE 246, ICNU/100, Deen/2-3, 6-7. As explained above, this is a different issue from whether it is appropriate for PacifiCorp to charge the variable costs of third-party wind integration to Oregon customers when the Company has not taken actions to recover these costs from the third parties that have caused the costs to be incurred.

G. PacifiCorp Should Be Required to Use a New Third-Party Developed Power Cost Model

PacifiCorp makes two new arguments regarding why it should be allowed to continue using a power cost model with which all parties (and to some extent PacifiCorp) have significant concerns. First, PacifiCorp argues that the Commission should allow it to continue using GRID, because the Commission allowed Portland General Electric Company ("PGE") to keep using its Monet model a decade ago. PacifiCorp Opening Brief at 13-14. While PacifiCorp cites portions of the Commission's decision stating that Monet is useful because it compares favorably to third party models and has no licensing restrictions, the Company does not point out that the Commission also concluded that:

Monet appears to do a good job at forecasting power costs. Monet's calculations are easy to understand and fundamentally sound. Moreover, PGE has expressly stated that it is always seeking to improve Monet and would welcome any suggestions concerning future improvement.

Re PGE, Docket No. UE 139, Order No. 02-772 at 19-20 (Oct. 30, 2002).

In contrast to Monet, no party agrees that GRID does a good job at forecasting power costs, and ICNU and CUB strongly disagree that GRID is easy to understand or fundamentally sound. Monet has been relatively easy to understand and use, it has more accurately forecast power costs than GRID (power costs go up and down with actual market changes in Monet), it does not contain as many internal problems as GRID, and PGE has been willing both to provide voluminous and detailed workpapers and to work with the parties to make changes to the model. Docket No. UE 245, ICNU/100, Deen/19-20. For these and other reasons, ICNU and CUB support PGE being able to keep using Monet. ICNU and CUB, however, do not support PacifiCorp being allowed to keep using GRID, which was self created by the Company and is flawed. Id.

PacifiCorp also misstates ICNU's position when arguing that ICNU has proposed that the Company must use the AURORA model. PacifiCorp Opening Brief at 13-14. ICNU and CUB's specific recommendation is that PacifiCorp "should be allowed to select an independent model that it believes is most appropriate for modeling its system," but that parties should be given access to the model at little to no cost. Docket No. UE 245, ICNU/100, Deen/19. Parties should also be allowed to review the model to ascertain its usefulness and accuracy. Mr. Deen's testimony pointed to the AURORA model as one possible alternative model, but not the only, acceptable alternative model. Id. at Deen/18-19.

PacifiCorp has distorted the problems of the AURORA model. For example, PacifiCorp claims that ICNU proposed far more AURORA related power cost adjustments to

PSE's last case (11) than in this proceeding (4). PacifiCorp Brief at 14-15. PacifiCorp knows this is an incorrect interpretation, because some of the 11 issues that ICNU raised in the last PSE case were O&M related issues that would be not be addressed in a TAM, and only one of ICNU's issues was an AURORA modeling related issue. Tr. at 118 (Deen). In addition, PacifiCorp's assertion that ICNU claimed that AURORA understates sales is completely taken out of context. PacifiCorp Brief at 14. AURORA forecasts both fewer sales and purchases than GRID, but it ends up with an overall net sales margin that is far more reasonable than GRID. See Tr. at 111-12 (Deen).

No model is perfect, and there will be some disputes regardless of the model used. The accuracy and ease of use of a power cost model, however, is a key consideration, and CUB and ICNU respectfully request that the Commission take this into consideration during its deliberations. In this docket, the Commission could and should eliminate one major source of contention among the parties by requiring the Company to stop using its self-created, poorly functioning power cost model.

IV. CONCLUSION

For the reasons mentioned in the testimony and legal briefs of ICNU and CUB, the Commission should lower PacifiCorp's TAM rates and prohibit the Company from ever again using the GRID model in future Oregon rate cases. ICNU also recommends that the Commission adopt Noble's minor recommendations that would allow some improvements to the direct access program. Finally, the Duvall Affidavit should be completely disregarded, and PacifiCorp should be reprimanded for failing to follow the Commission's rules and procedures regarding evidence.

Dated this 21st day of September, 2012.

Respectfully submitted,

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