

1                                   **BEFORE THE PUBLIC UTILITY COMMISSION**  
2   **OF OREGON**  
3   UM 1355

4   In the Matter of

5   THE PUBLIC UTILITY COMMISSION OF  
6   OREGON Investigation into Forecasting Forced  
7   Outage Rates for Electric Generating Units

STAFF’S REPLY BRIEF

8           Staff of the Public Utility Commission of Oregon (Commission) submits this  
9   reply to the Opening Briefs filed by the other parties in this proceeding. This reply brief  
10   will focus on the replacement strategy part of the Commission Collar.<sup>1</sup>

11           As a preliminary matter, staff recognizes the parties’ concerns about the need for  
12   additional time to understand, vet and comment upon staff’s proposed alternative  
13   replacement strategy for use in the Commission Collar. *See* Staff’s Opening Brief at 4-5  
14   (discussion of proposal). Because of the parties’ expressed concerns, staff hereby  
15   withdraws its alternative replacement strategy proposal.

16           However, the concerns that prompted staff to present its proposal remain. Both  
17   Portland General Electric Company (PGE) and Idaho Power have stated their respective  
18   doubts about the validity of using a long-term average that incorporates forced outage  
19   rate data that may no longer be relevant and that may unintentionally bias the forecast.  
20   *See* PGE/300, Idaho Power/100. Staff shares these concerns and has additional problems

21  
22   \_\_\_\_\_

23   <sup>1</sup> As discussed in staff’s Opening Brief, the Commission Collar provides:  
24   The parties agree that for each year in which a coal fired unit’s annual FOR [forced  
25   outage rate] falls outside the 10<sup>th</sup> or 90<sup>th</sup> percentile of comparable NERC coal units, the  
26   methodology for calculating the forced outage rate shall be set forth in Staff/200,  
Brown/8-15, *except that, instead of adjusting the FOR to the 10<sup>th</sup> or 90<sup>th</sup> percentile values  
for the calendar year, the mean annual FOR for the unit’s entire historical data shall be  
substituted.* The emphasized language is what staff refers to as the “replacement  
strategy” part of the Commission Collar.

1 with the incomplete, insufficient record of historical data for specific utility coal-fired  
2 generating plants. *See* Staff/400, Brown/6-7.

3         These concerns continue to cause staff to have some uneasiness with the  
4 Commission Collar’s replacement strategy that relies upon the “entire” historical plant  
5 data. Clearly, application of the Commission Collar will be problematic for those seven  
6 of PacifiCorp’s 26 coal-fired generating units that have less than 20 years of data  
7 (approximately 27% of the units). *See* PacifiCorp Opening Brief at 8 (quoting from Staff  
8 Response to PacifiCorp Data Request 4.8). Further, even where complete plant records  
9 exist, PGE and Idaho Power point out that use of very old plant data sets will likely lead  
10 to disputes and additional litigation among the parties when a utility presents them for use  
11 in the Collar. *See* PGE Opening Brief at 10; Idaho Power/100, Carstensen/5-7.

12         As clarified in Commission Order No. 09-479 at 3, the utility is allowed to make a  
13 declaration to the effect that it has used its best efforts to reasonably locate or recreate the  
14 historical forced outage rate data. Staff and intervenors are at a significant disadvantage  
15 in confirming that data is missing or verifying the accuracy of reconstructed data. PGE  
16 makes a similar point in its Opening Brief, “In the distant past, the categorization of an  
17 outage as forced or maintenance had a limited impact given the relative coal and  
18 electricity prices. In many cases, limited evidence exists supporting the categorization of  
19 outages as forced or part of regular maintenance.” *See* PGE Opening Brief at 10.

20         Thus, staff suggests that the Commission may want to further consider the  
21 Industrial Customers of Northwest Utilities’ (ICNU) replacement strategy proposal or the  
22 original staff proposal now advocated by PGE.

23         More specifically, instead of the Commission’s proposal to use the unit’s entire  
24 historical data, ICNU proposes to use a 20-year rolling average forced outage rate for the  
25 applicable plant as the replacement strategy for identified extreme outage events (also  
26 known as “outliers”). Also, ICNU’s methodology adjusts the historical data set for

1 outages greater than 28 days by effectively “capping” all forced outage events to a  
2 maximum of 28 days. See ICNU Opening Brief; ICNU/300, Falkenberg/13. The ICNU  
3 proposal has been fully vetted in this docket and uses a known data set. Thus, the utilities  
4 cannot assert that they do not understand it or will not be able to implement it in a timely  
5 manner if the Commission orders them to do so. In addition, for those units that have  
6 less than twenty years of annual outage rate data, the ICNU method would continue to be  
7 effective due to the adjusted 28 day outages within the data set.

8 In conclusion, staff recommends that the Commission reconsider its proposed  
9 collar mechanism in light of the concerns with historical data pointed out by PGE, Idaho  
10 Power and staff. Staff recommends the Commission consider adopting the ICNU  
11 replacement strategy or the original staff proposal instead.

12 DATED this 16<sup>th</sup> day of September 2010.

13 Respectfully submitted,

14 JOHN R. KROGER  
15 Attorney General

16 

17 Michael T. Weirich, #82425  
18 Assistant Attorney General  
19 Of Attorneys for the Public Utility  
20 Commission of Oregon

1 **CERTIFICATE OF SERVICE**

2 I certify that on September 16, 2010, I served the foregoing Staff's Reply Brief upon all  
3 parties of record in this proceeding by delivering a copy by electronic mail and by mailing a  
4 copy by postage prepaid first class mail or by hand delivery/shuttle mail to the parties accepting  
5 paper service.

6 **W**  
**CITIZENS' UTILITY BOARD OF OREGON**  
7 OPUC DOCKETS  
8 610 SW BROADWAY - STE 400  
9 PORTLAND OR 97205  
10 dockets@oregoncub.org

11 GORDON FEIGNER  
12 610 SW BROADWAY - STE 400  
13 PORTLAND OR 97205  
14 gordon@oregoncub.org

15 ROBERT JENKS (C)  
16 610 SW BROADWAY - STE 400  
17 PORTLAND OR 97205  
18 bob@oregoncub.org

19 G. CATRIONA MCCrackEN (C)  
20 610 SW BROADWAY - STE 400  
21 PORTLAND OR 97205  
22 catriona@oregoncub.org

23 RAYMOND MYERS (C)  
24 610 SW BROADWAY - STE 400  
25 PORTLAND OR 97205  
26 ray@oregoncub.org

KEVIN ELLIOTT PARKS (C)  
610 SW BROADWAY - STE 400  
PORTLAND OR 97205  
kevin@oregoncub.org

**W**  
**DAVISON VAN CLEVE**  
27 IRION A SANGER  
28 333 SW TAYLOR - STE 400  
29 PORTLAND OR 97204  
30 ias@dvclaw.com

**DAVISON VAN CLEVE PC**  
31 MELINDA J DAVISON (C)  
32 333 SW TAYLOR - STE 400  
33 PORTLAND OR 97204  
34 mail@dvclaw.com

**W**  
**IDAHO POWER COMPANY**  
35 CHRISTA BEARRY  
36 PO BOX 70  
37 BOISE ID 83707-0070  
38 cbearry@idahopower.com

LISA D NORDSTROM (C)  
39 PO BOX 70  
40 BOISE ID 83707-0070  
41 lnordstrom@idahopower.com

GREGORY W SAID (C)  
42 PO BOX 70  
43 BOISE ID 83707  
44 gsaid@idahopower.com

TIM TATUM  
45 PO BOX 70  
46 BOISE ID 83707-0070  
47 ttatum@idahopower.com

SCOTT WRIGHT (C)  
48 PO BOX 70  
49 BOISE ID 83707-0070  
50 swright@idahopower.com

**MCDOWELL RACKNER & GIBSON PC**  
51 ADAM LOWNEY  
52 419 SW 11TH AVE. STE 400  
53 PORTLAND OR 97205  
54 adam@mcd-law.com

KATHERINE A MCDOWELL  
55 419 SW 11TH AVE. SUITE 400  
56 PORTLAND OR 97205  
57 katherine@mcd-law.com

WENDY MCINDOO (C)  
58 419 SW 11TH AVE. SUITE 400  
59 PORTLAND OR 97205  
60 wendy@mcd-law.com

LISA F RACKNER (C)  
61 419 SW 11TH AVE. SUITE 400  
62 PORTLAND OR 97205  
63 lisa@mcd-law.com

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**W**  
**PACIFIC POWER & LIGHT**  
MICHELLE R MISHOE (C)  
825 NE MULTNOMAH ST - STE 1800  
PORTLAND OR 97232  
michelle.mishoe@pacificcorp.com


**PORTLAND GENERAL ELECTRIC**  
DOUGLAS C TINGEY (C)  
121 SW SALMON 1WTC13  
PORTLAND OR 97204  
doug.tingey@pgn.com

**W**  
**PACIFICORP, DBA PACIFIC POWER**  
OREGON DOCKETS  
825 NE MULTNOMAH ST - STE 2000  
PORTLAND OR 97232  
oregondockets@pacificcorp.com

**PUBLIC UTILITY COMMISSION OF OREGON**  
KELCEY BROWN (C)  
PO BOX 2148  
SALEM OR 97301  
kelcey.brown@state.or.us

**PORTLAND GENERAL ELECTRIC**  
RATES & REGULATORY AFFAIRS  
OPUC FILINGS  
121 SW SALMON ST 1WTC-0702  
PORTLAND OR 97204  
pge.opuc.filings@pgn.com

**RFI CONSULTING INC**  
RANDALL J FALKENBERG (C)  
PMB 362  
8343 ROSWELL RD  
SANDY SPRINGS GA 30350  
consultrfi@aol.com

  
\_\_\_\_\_  
Neoma Lane  
Legal Secretary  
Department of Justice  
Business Activities Section