

Witnesses: Richard Gray, David A. Tooze and Lon L. Peters

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

CITY OF PORTLAND

Direct Testimony of Richard Gray, David A. Tooze and Lon L. Peters

**Restoration Priority
Shopping Incentive
Retail Access in the City of Portland
Time-of-Use Energy Pricing**

July 2006

1 **Q. PLEASE IDENTIFY YOURSELVES.**

2 A. (by Mr. Gray) My name is Richard Gray. My business address is 1120 S.W. 5th
3 Avenue, Room 800, Portland, Oregon 97204. I am currently employed by the City of
4 Portland in the Office of Transportation as a Senior Management Analyst and Contract
5 Administrator. My qualifications are listed in COP/101.

6 (by Mr. Tooze) My name is David A. Tooze. I am the Senior Energy Specialist for
7 Portland's Office of Sustainable Development. My business address is 721 N.W. 9th
8 Avenue, Suite 350, Portland, Oregon 97209. My qualifications are listed in COP/102.

9 (by Mr. Peters) My name is Lon L. Peters. My business address is 607 S.E.
10 Manchester Place, Portland, Oregon 97202. I am the President of Northwest Economic
11 Research, Inc. My qualifications are listed in COP/103.

12 **Q. ON WHOSE BEHALF ARE YOU SPONSORING THIS TESTIMONY?**

13 A. This testimony is sponsored by the City of Portland ("City"). Section I
14 (Restoration Priority) of the City's testimony is also endorsed by the League of Oregon
15 Cities.

16 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

17 A. In this testimony we address four issues: restoration priority, the shopping
18 incentive, clarification of the rights to retail access for City-owned facilities in
19 PacifiCorp's service territory, and the availability of time-of-use energy charges for
20 Schedules 28 and 30.

21 //

1 **I. RESTORATION PRIORITY**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION?**

3 A. In this section, we explain the need for an explicit service restoration rule, review
4 PacifiCorp's current policy regarding restoration of service, and recommend both an
5 explicit restoration rule and certain implementation details.

6 **Q. WHY IS SERVICE RESTORATION OF CRITICAL IMPORTANCE TO**
7 **THE CITY?**

8 A. As the municipal government for over a half million residents in the City, as well
9 as business and industry, Portland provides emergency management direction and
10 coordination, 911 emergency communications, and police, fire, water, wastewater and
11 roadway/transportation services. These basic infrastructure services are critical for life,
12 public health and public safety, especially during times of electrical outages and other
13 emergency situations.

14 **Q. WHAT POTENTIAL PROBLEMS DO YOU FORESEE WITHOUT A**
15 **SERVICE RESTORATION RULE?**

16 A. Service restoration rules should establish clear, concise procedures for utility
17 personnel as well as the customers they serve and the government agencies responsible
18 for public safety and welfare. Without them there is additional room for error and delay.
19 In a worst case scenario, delayed restoration of electrical service could mean increased
20 risk of unhealthy conditions, loss of property, injury and even fatalities.

21 **Q. HAS THE CITY OF PORTLAND HAD PROBLEMS IN THE PAST WITH**
22 **RESTORATION OF SERVICE?**

23 A. No. However, the City and a collaboration of the region's emergency service
24 providers are increasing the region's capabilities to respond to emergency situations,

1 whether they are caused by natural or human forces. Part of emergency preparedness is
2 to have clearly defined plans and priorities for restoration of utility services.

3 **Q. HOW MANY CITY ACCOUNTS ARE CONSIDERED “CRITICAL” TO**
4 **PUBLIC SAFETY AND WELFARE?**

5 A. Staff from the Bureaus of Fire and Rescue, Police, Water, Environmental Services
6 and Transportation has identified 20 current critical facilities in PacifiCorp’s service
7 territory without adequate on-site backup generation. A list of those facilities has been
8 provided to PacifiCorp. A complete copy of the list provided to PacifiCorp is included in
9 Exhibit COP/104. This list should be considered subject to change in the future as
10 similar facilities are added.

11 **Q. WHAT IS PACIFICORP’S CURRENT RESTORATION POLICY?**

12 A. In response to City of Portland Data Request 12, PacifiCorp has provided
13 “Response and Restoration Criteria”. A copy of these criteria is provided in Exhibit
14 COP/105. The only reference to critical facilities is as follows: “Due consideration
15 should be given to critical service such as hospitals, fire departments, police stations,
16 critical communication centers, emergency shelters, sewerage treatment plants and water
17 pumping stations.”

18 **Q. HAS THE COMMISSION APPROVED THESE CRITERIA?**

19 A. Not to our knowledge. Unlike PGE, PacifiCorp does not have a Commission-
20 approved rule regarding restoration criteria.

21 **Q. DO YOU FIND THE RESPONSE AND RESTORATION CRITERIA**
22 **ADEQUATE AS DRAFTED?**

23 A. No, for three reasons. First, PacifiCorp has not adopted a formal rule to guide
24 restoration of critical service facilities. Instead, an internal policy guides personnel; this
25 internal policy could change without consultation with either the Commission or

1 government agencies with responsibility for operating critical facilities. Second, the
2 language used is vague, stating that “due consideration will be given to critical service”.
3 There is neither comprehensive definition of due consideration nor a definition or
4 identification of critical service facilities. Third, the present policy makes no provision
5 for direct communications between the City’s critical service personnel and PacifiCorp’s
6 Operation Center staff.

7 **Q. WHAT DO YOU PROPOSE INSTEAD?**

8 A. PacifiCorp should adopt language similar (but not identical) to PGE Rule C,
9 Section 8, specifically stating that “restoration procedures are followed in order to restore
10 service to the greatest number of Consumers as quickly as possible with special
11 consideration give to critical Consumers that are essential to public welfare”. Further,
12 PacifiCorp should develop a set of Service Priorities that lists “Protecting Public Safety”
13 as the top priority, with language similar to the following. “The Company will clear
14 downed power lines and ensure restoration of service to facilities such as hospitals, fire
15 and police departments, emergency situation control centers, 911 emergency call centers,
16 critical road and bridge maintenance, water pumping and wastewater pumping facilities.”
17 We recommend that the Commission require PacifiCorp to include this rule in its tariff.

18 **Q. HOW SHOULD THIS RULE BE IMPLEMENTED?**

19 A. PacifiCorp should designate a utility representative for each critical account,
20 available via individual cell phone or pager at all hours to serve as the prime point of
21 communication during emergencies. The utility representative should also have a current
22 list and address of all critical service facilities including city staff names and cell phone
23 or pager numbers. PacifiCorp representatives should work with City staff to regularly
24 update the list of critical facilities. This direct communication with responsible City

1 personnel should accelerate restoration of service to critical facilities in the event of a
2 wide-spread emergency.

3 **II. SHOPPING INCENTIVE**

4 **Q. WHAT IS THE PURPOSE OF THIS SECTION?**

5 A. In this section, we review the purpose and history of the shopping incentive,
6 implemented for several years by PacifiCorp under Schedule 781, and recommend that
7 the incentive be extended for another three years.

8 **Q. WHAT IS THE PURPOSE OF THE SHOPPING INCENTIVE?**

9 A. In the general rate cases implementing SB1149, it was recognized by the
10 Commission that some smaller customers might require an explicit incentive to
11 participate in newly developing retail energy markets. The Commission authorized
12 PacifiCorp to offer Schedule 781¹, which is available to the first ten percent of qualifying
13 consumer load, with a limit such that no one consumer could represent more than 2.5
14 percent of the total qualifying load. Consumers can receive the Schedule 781 adjustment
15 for no more than 36 months, and Schedule 781 is set to expire on December 31, 2006.

16 **Q. IS THIS THE ONLY SPECIAL PROGRAM THAT PROVIDES**
17 **INCENTIVES FOR PARTICIPATION IN RETAIL ENERGY MARKETS?**

18 A. No. In addition, the Commission has authorized Schedule 780, the Oregon
19 Market Kick-Start Program, which operates separately from and in addition to Schedule
20 781. Consumers must discover if they are eligible for both Schedules 780 and 781 and
21 then make a choice between them. Schedules 780 and 781 have different eligibility
22 criteria, different incentive levels, different limits on total enrollment and different terms

¹ The Commission most recently approved Schedule 781 on October 3, 2005 under Commission Order No. 35, Advice No. 05-013.

1 of service. The existence of these two very different programs demonstrates that the
2 Commission has recognized the need for incentives.

3 **Q. PLEASE REVIEW THE RECENT HISTORY OF PARTICIPATION IN**
4 **SCHEDULE 781.**

5 A. According to information provided by PacifiCorp to the City during discovery,
6 the limit on eligibility for Schedule 781 in 2006 was 86 megawatts (MW), of which two
7 customers with 41 meters and a load of 100,000,000 kWh (100,000 MWh) actually
8 enrolled. See Exhibit COP/106, which is a copy of PacifiCorp's responses to City of
9 Portland Data Requests 5 and 6. If we assume that the average load factor of these 41
10 meters is 60 percent, then we can conclude that about 11.4 average MW (aMW) and 19
11 MW of load has enrolled. This means that only 22 percent of eligible load has enrolled
12 under Schedule 781. We conclude that medium-sized customers (i.e., greater than 30 kW
13 and less than 1,000 kW) have not participated extensively in the retail energy market, for
14 whatever reason.

15 **Q. WHAT DO YOU RECOMMEND REGARDING SCHEDULE 781?**

16 A. Based on the experience to date, we conclude that medium-sized consumers still
17 require an explicit incentive to participate in retail energy markets. Therefore, we
18 recommend that Schedule 781 be extended as is for another three years, beginning
19 January 1, 2007.

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1 **III. RETAIL ACCESS IN THE CITY OF PORTLAND**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

3 A. In this section we ask the Commission to require PacifiCorp to clarify, with
4 Portland General Electric (“PGE”), that the Agreement between the two utilities
5 regarding service to certain City-owned facilities in PacifiCorp’s service territory does
6 not in any way alter, interfere with the ability of retail consumers in PacifiCorp's service
7 territories in Multnomah County to be eligible for direct access service under
8 Commission-approved rate schedules.

9 **Q. HOW ARE CITY-OWNED STREETLIGHTS IN PACIFICORP’S**
10 **SERVICE TERRITORY IN THE CITY OF PORTLAND CURRENTLY**
11 **SERVED?**

12 A. Under an arrangement that dates back to the late 1970s, PacifiCorp delivers power
13 to the City-owned facilities, but the City pays PGE for the power under Commission-
14 approved Schedule 91. PGE and PacifiCorp have an agreement under which PGE
15 reimburses PacifiCorp for this service. We refer to this as the “1977 Agreement”.

16 **Q. HAS THE COMMISSION PREVIOUSLY RULED ON THIS ISSUE?**

17 A. No. However, the Commission has ruled on a related issue. See Order 01-846,
18 October 1, 2001, at 7.

19 **Q. HOW HAVE CIRCUMSTANCES CHANGED SINCE THE FALL OF**
20 **2001?**

21 A. The City is now seriously considering offers to provide wind-powered generation
22 to meet the City’s electricity consumption requirements. This was not the case in 2001.
23 In order to implement retail access and purchase the output of a new renewable resource,
24 the City prefers that the agreement between PGE and PacifiCorp regarding service to
25 City-owned facilities in PacifiCorp’s service territory be clarified.

1 We ask that the Commission require PacifiCorp and PGE to provide such clarifications as
2 are necessary, in consultation with the City and other potentially effected customers, for
3 service effective January 1, 2007.

4 **Q. WHAT IS THE BENEFIT TO THE CITY OF THIS CHANGE?**

5 A. The City currently purchases power from PGE for service to City-owned facilities
6 in PacifiCorp's service territory. Although we are not offering a legal opinion, based on
7 our professional experience we believe that the 1977 Agreement does not address the
8 possibility of retail access. The clarification that we request here would simplify the
9 contracting, scheduling, billing, and settlement for the City if it chooses direct access for
10 these accounts. There would be no need to work with two utilities (PGE and PacifiCorp)
11 to enable direct access for a single account.

12 **Q. WHY ARE YOU ASKING THE COMMISSION TO REQUIRE THIS?**

13 A. During discovery, the City asked PacifiCorp and PGE to provide this clarification.
14 Neither utility was willing to do so. See Exhibit COP/107, which contains the
15 companies' responses to COP/PGE-022 and COP/PAC-013.² In addition, to the extent
16 that the agreement restricts the ability of any customer to participate in direct access, we
17 believe that the restriction would be against the policies embodied in SB 1149. There is
18 no current, valid public purpose served by any such restriction. The terms of the 1977
19 agreement reflect the now out-dated policies of territorial allocation for bundled services
20 offered by monopoly utilities. Now that SB 1149 and the Commission's implementing
21 administrative regulations mandate decoupling and unbundling, any inter-utility
22 agreements should reflect the new statutory requirements.

² The 1977 Agreement, Attachment COP/PGE-022A, is not included here. The Commission approved the 1977 Agreement in Order No. 92-557, April 16, 1992, Docket Nos. UA 37 and UA 41.

1 **Q. WOULD THIS CHANGE AFFECT ANY OTHER PACIFICORP**
2 **CUSTOMERS?**

3 A. We do not believe that it would, because the 1977 Agreement is specifically
4 restricted to Multnomah County only.

5 **IV. TIME-OF-USE ENERGY SUPPLY**

6 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

7 A. In this section, we propose a modification to the eligibility language in Schedule
8 210, Portfolio Time-of-Use Supply Service, which should expand the number of
9 customers who can qualify for this energy pricing option.

10 **Q. WHICH TYPES OF CUSTOMERS CAN CURRENTLY OPT FOR TIME-**
11 **OF-USE ENERGY SUPPLY FROM PACIFICORP?**

12 A. Under the currently effective version of Schedule 210, only three classes of
13 customers qualify: those receiving Delivery Service under Schedules 4, 23, or 41 who
14 have also elected Cost-Based Supply Service under Schedule 200. Customers over 1,000
15 kW in peak load can purchase time-of-use energy supplies under Schedule 200. There is
16 thus a gap between 30 kW and 1,000 kW, in which customers are automatically excluded
17 from time-of-use energy pricing.

18 **Q. UNDER WHICH RATE SCHEDULES DOES THE CITY PURCHASE**
19 **POWER FROM PACIFICORP?**

20 A. Almost all of the City's power supplies from PacifiCorp are delivered under
21 Schedules 23, 28, and 30, in conjunction with Schedule 200.

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1 **Q. WHAT DO YOU PROPOSE REGARDING SCHEDULE 210?**

2 A. Schedule 210 should be revised to permit customers purchasing power under
3 Schedules 28 and 30 to purchase energy on a time-of-use basis. Schedules 28 and 30
4 cover customers with peak loads between 30 kW and 1,000 kW. There is no reason that
5 we can think of to preclude these intermediate-sized customers from the potential
6 economic benefits of shifting load from peak to off-peak periods.

7 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 A. Yes.

Qualification Statement of Richard Gray

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.

A. My name is Richard Gray. I am currently employed as a Contract Administrator and Senior Management Analyst with the Office of Transportation for the City of Portland ("PDOT"). My business address is 1120 S.W. 5th Avenue, Room 800, Portland, Oregon 97204.

Q. PLEASE STATE YOUR EDUCATIONAL QUALIFICATIONS.

A. I have a Bachelor's Degree in Political Science from the University of Oregon and a Master's Degree in Public Affairs from the University of Oregon.

Q. PLEASE REVIEW YOUR EXPERIENCE IN THE ELECTRIC UTILITY INDUSTRY.

A. In my current capacity I assist in managing the administration of contracts for PDOT. This includes ensuring compliance with laws and policies and outreach to the minority contracting community. I also perform several other functions that are not directly related to contract administration. These functions include: legislative analysis and liaison, utility pole attachment policies and practices, and street lighting rates and finances. Prior to my current position, I performed various management and analytical tasks for PDOT. For ten years, I was the City's Street Lighting Manager. I also serve as a Board Member and Officer in the Oregon Joint Use Association, which is a utility group with statutory authority to advise the Commission on utility pole joint use issues.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

2 A. Yes. I testified in Docket UE 115, and provided comments in AR506.

3 **Q. DOES THIS COMPLETE YOUR QUALIFICATION STATEMENT?**

4 A. Yes.

Qualification Statement of David A. Tooze

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.

A. My name is David A. Tooze. I am the Senior Energy Specialist for Portland's Office of Sustainable Development. My business address is 721 N.W. 9th Avenue, Suite 350, Portland, Oregon 97209.

Q. PLEASE STATE YOUR EDUCATIONAL QUALIFICATIONS.

A. I received the Bachelor of Science Degree in Park Management from Oregon State University in 1974.

Q. PLEASE REVIEW YOUR EXPERIENCE IN THE ELECTRIC UTILITY INDUSTRY.

A. In 1980 I joined the Pacific Power and Light Company's Cottage Grove District as an Energy Conservation Specialist. Through a chain of increasing responsibility, I provided energy studies, contractor referrals and inspections for Pacific Power's Home Weatherization Program. In 1983 I was assigned to the Grants Pass District to continue energy efficiency for residential and commercial customers and assignment of Account Manager duties for selected commercial and industrial customers.

In 1987 I joined the Energy Office of the City of Portland as a Technical Analyst to design and launch a new energy program targeting multifamily rentals. In 1991 I began the City Energy Challenge, Portland's internal energy efficiency program. Under my direction more than 75 energy efficiency projects have been completed in office buildings, police stations, fire stations, water and wastewater treatment facilities and traffic/pedestrian signals producing annual savings of \$2.1 million. From 1999 to 2002 I led the Energy Division of the Office of Sustainable Development ("OSD"), and was

1 responsible for six energy efficiency programs and contracts. In 2002 OSD was
2 restructured for improved delivery of program services, and since then I have had lead
3 responsibility for energy efficiency and renewables on City facilities, optimizing traffic
4 signals for time and energy savings, and a statewide program for LED traffic and
5 pedestrian signals.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

7 A. Yes. I have testified in Dockets UE 115 and UE 116.

8 **Q. DOES THIS COMPLETE YOUR QUALIFICATION STATEMENT?**

9 A. Yes.

Qualification Statement of Lon L. Peters

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.

A. My name is Lon L. Peters. I am the President of Northwest Economic Research, Inc. My business address is 607 S.E. Manchester Place, Portland, Oregon 97202.

Q. PLEASE STATE YOUR EDUCATIONAL QUALIFICATIONS.

A. I received the Bachelor of Arts degree in economics from Reed College in 1974, and was elected to Phi Beta Kappa. I received the Master of Arts, Master of Philosophy, and Doctor of Philosophy degrees, also in economics, from Yale University in 1976, 1978, and 1981, respectively.

Q. PLEASE STATE YOUR ACADEMIC EXPERIENCE.

A. From 1976 to 1979, I was a Graduate Research and Teaching Fellow at Yale University. From 1979 to 1980, I was a Guest Scholar at The Brookings Institution in Washington, D.C., and taught economics at Goucher College, in Towson, Maryland. From 1980 to 1982, I was a member of the Economics Department at Reed College, in Portland, Oregon, where I taught microeconomic theory, the economics of industrial organization, and economic history. In the winter of 1984, I was a guest lecturer at the School of Public Administration, at Lewis and Clark College in Portland. I have also published and presented various papers in the fields of energy economics and economic history. From 1991 to 1996, I was the Chair or Co-Chair of the Economics Section of the Oregon Academy of Science. From 1991 to 2005, I was an Academic Advisor to the Cascade Policy Institute.

1 **Q. PLEASE REVIEW YOUR EXPERIENCE IN THE ELECTRIC UTILITY**
2 **INDUSTRY.**

3 A. In 1982 I joined the Division of Rates at the Bonneville Power Administration, and
4 subsequently was appointed Chief of the Wholesale Rate Section. While at BPA I worked
5 on forecasts of wholesale and retail rates in the Pacific Northwest, and on BPA's long-run
6 incremental cost of service. I also supervised the development of BPA's Wholesale Power
7 Rate Design Study for the 1985 rate adjustment, and assisted in the development of BPA's
8 testimony for the hearings before the Federal Energy Regulatory Commission (FERC)
9 concerning BPA's 1981, 1982, and 1983 nonfirm energy rate schedules.

10 In 1986 I joined the Public Power Council as Senior Economist, where I worked
11 on most aspects of the relationship between BPA and its consumer-owned utility
12 customers in the Northwest: wholesale rates, regional and extra-regional marketing,
13 revenue requirements, resources, contracts, fish and wildlife economics, federal and state
14 regulations, and load forecasting. I have served on technical review panels at BPA, the
15 Pacific Northwest Utilities Conference Committee, the Northwest Power Planning
16 Council, and the National Marine Fisheries Service.

17 In late 1994, I joined the firm of R.W. Beck, a national economics and engineering
18 consulting firm, and opened its Portland office. Until January 1996, I served as Director
19 of the Portland Office and as Executive Economist. My practice included advising a
20 variety of public power clients across the country on issues of wholesale power supply,
21 including the solicitation and analysis of proposed power supplies, retail contracts and rate
22 design, power and transmission contract negotiation and renegotiation, transmission
23 access and pricing, and unbundled wholesale power rate design.

1 Since early 1996, I have operated my own firm, providing independent economic
2 consulting services to a variety of clients in the Northwest, California, and the rest of the
3 United States.

4 **Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT WITNESS?**

5 A. Yes. I testified on behalf of BPA in the hearings before Federal Energy Regulatory
6 Commission (FERC) regarding BPA's 1983 nonfirm energy rate schedule, and in BPA's
7 1985 wholesale power rate filing.

8 On behalf of the Public Power Council (PPC), I testified in BPA's 1987, 1991, and
9 1993 rate proceedings. I testified on behalf of the PPC before state regulatory
10 commissions in Idaho, Oregon and Washington on the proposed merger of Pacific Power
11 and Light with Utah Power and Light, and on the same subject at the FERC on behalf of
12 PPC and the Northwest Public Power Association. In addition, I testified before the
13 Washington Utilities and Regulatory Commission in two cases on Puget Sound Power and
14 Light's Energy Cost Adjustment Clause.

15 On behalf of the Public Generating Pool (PGP), I testified in the 1996 BPA
16 wholesale power and transmission rate case and in the related transmission terms and
17 conditions case, and in the 2002 BPA wholesale power rate case.

18 On behalf of the City of Glendale, California, I testified before the Oregon Public
19 Utility Commission (OPUC) regarding the auction of generation and contract assets by
20 Portland General Electric.

1 On behalf of the Metropolitan Water District of Southern California, I testified
2 before the California Assembly on the subject of wholesale water wheeling in the state of
3 California.

4 On behalf of the Cities of Burbank, Glendale, and Pasadena, California, I testified
5 before the Department of Energy Board of Contract Appeals regarding financial damages
6 sustained under long-term power purchase agreements.

7 On behalf of the Public Generating Pool, Benton, Franklin, and Grays Harbor
8 County PUDs, and the Eugene Water and Electric Board, I submitted testimony before
9 the Bonneville Power Administration, on the subject of the Safety Net Cost Recovery
10 Adjustment Clause (SN-03).

11 On behalf the Public Generating Pool, Tacoma Power, and the Washington Public
12 Utility Districts Association, I delivered testimony before the Northwest Energy Caucus of
13 the U.S. Congress, on the subject of proposals for restructuring of the Northwest
14 transmission system.

15 On behalf of REBOUND, I prepared reports on regional energy market conditions
16 and testified before the Idaho Department of Water Resources regarding the application
17 for water rights by Cogentrix, Inc. and Newport Northwest.

18 On behalf of the City of Portland, I testified before the Oregon Public Utility
19 Commission in Dockets UE 115 and UE 116, regarding unbundled rates, marginal cost
20 rate design, tariff provisions, credits for demand reductions and small power generation.

21 On behalf of the City of Hermiston, Oregon, I prepared a report on “Private Costs
22 and Public Benefits Associated with the Condemnation of Electric Utility Distribution

1 Facilities by the City of Hermiston, Oregon”, and testified at trial before the Circuit Court
2 of the State of Oregon for the County of Umatilla.

3 On behalf of Emerald People’s Utility District, Eugene, Oregon, I prepared a
4 report on “Potential Private Injury Aspects of the Transfer of Service Territory to the
5 Emerald People’s Utility District”, and testified at trial before the Circuit Court of the
6 State of Oregon for the County of Linn.

7 On behalf of the City of Glendale, California, I filed an affidavit at the Federal
8 Energy Regulatory Commission regarding damages under complex pricing provisions of a
9 long-term power sale and exchange agreement in Docket No. EL06-5-000; this affidavit
10 was also filed before the U.S. District Court for the District of Oregon, Case 3:05-cv-
11 01321-PK, in support of a motion to dismiss.

12 On behalf of the Cities of Tacoma and Seattle, Washington, I filed a declaration
13 before the Superior Court of the State of Washington in and for the County of Spokane,
14 No. 05201697-8, regarding the interpretation and application of the term “prudent utility
15 practices” to retail rate-setting by municipal utilities, and submitted a report regarding
16 damages to a mediator designated under a power purchase agreement.

17 On behalf of Turbine Technology Services, Inc., I testified before an arbitrator
18 appointed by the Supreme Court for the County of Niagara, State of New York, in Case
19 No. 110482, regarding damages associated with generation plant capacity and general
20 determinants of the value of assets in power markets, in litigation related to an outage of a
21 power generation plant in upstate New York.

1 On behalf of several groups of publicly-owned utilities, I testified before the
2 Bonneville Power Administration in Docket WP-07 on a variety of subjects, including the
3 costs of the Slice of System product, the proposed Operating Reserves credit, the surplus
4 power rate schedule, rate design, and the Emergency Surcharge for fish-related expenses.

5 **Q. DOES THIS COMPLETE YOUR QUALIFICATION STATEMENT?**

6 **A. Yes.**

Water Bureau

<u>Account Number</u>	<u>Facility Supplied</u>
05125121-038 4	Water Control Center Facility
05125121-163 0	Rocky Butte Pump Station
05125121-181 2	Well 29
05125121-185 3	Wells 26, 32, & 35
05125121-224 0	Emergency Operations Center Building
05125121-254 7	Well 37
05125121-264 6	Well 34
05125121-270 3	Well 28

Bureau of Fire and Rescue

<u>Account Number</u>	<u>Station</u>
05125121-172 1	St-40
05125121-154 9	St-13
05125121-001 2	St-14
05125121-162 2	St-19
05125121-262 0	St-12
00051661-005 2	St-28

Bureau of General Services

Northeast Police Precinct

Bureau of Maintenance

The Kerby Building
Kerby Garage
Albina Yard (Albina)
Albina Yard (Mississippi)
Emergency Operations Trailer

City of Portland Data Request 12

- (a) Please provide a copy of the rules or policies that govern the priorities for restoration of service, analogous to those contained in PGE's Rule C.
- (b) Please explain how these priorities will be applied to customers taking bundled service from PacifiCorp versus direct access service.

Response to City of Portland Data Request 12

- (a) Response and Restoration Criteria

Operation Centers will allocate resources to evaluate emergency severity and support restoration priorities. Emergency severity and restoration priorities are to be reassessed throughout the event to ensure optimum allocation of and deployment of resources. This action may result in reprioritization based on the new information and the circumstances at the time.

Response and restoration criteria which are based on the following priorities:

Make Safe – respond and make safe for PacifiCorp personnel and the public

Assess – assess damage to facilities

Communicate – communicate both internally and externally throughout the event

Restore – balance the need to restore to the greatest number of customers in the least amount of time with the need to restore to small numbers of customer out of power for long durations

General guidelines for restoration priorities are as follows:

1. Control area interconnections
2. Transmission
3. Transmission Substation
4. Distribution Substation
5. Distribution Feeders

6. Distribution Taps and Laterals

7. Transformers and individual services

Due consideration should be given to critical service such as hospitals, fire departments, police stations, critical communication centers, emergency shelters, sewage treatment plants and water pumping stations.

1) Make Safe

In the event of an emergency, first priority is to public and employee safety. This premise underlies much of the communication efforts that may precede an emergency. The media used may include bill-stuffers, general communication via radio, TV or print, as well as tailored communications to various audiences. Additionally, this communication is reinforced with call messages provided to trouble callers.

Priority calls may be received by dispatch operations from public safety personnel. Finally, calls taken which indicate hazards are given first response priority.

2) Assessment

Assessment vs. Restoration

In many instances troublemen will be able to restore power to customers after arriving on site. However this approach is not appropriate when restoration times can be more prolonged. The total number of outages, the duration of the repair and the available resources are all unknowns during the early stages of major events. To best utilize field personnel damage assessor assignments will be made and sent ahead of repair personnel. To achieve this requires damage assessment personnel to visit a site, provide damage details, material, resources, equipment and estimate time to complete.

3) Communication

Strategy: In order to minimize the effect of an emergency on the customers, ..., the Company uses a variety of means to communicate with its customers, general public, regulators and key stakeholders about the progress in managing the emergency.

Internal Communications

Communication links shall be established throughout the event. This will support internal information needs, the delivery of regular status updates to customers, external agencies and the media. Additional reporting is encouraged, when necessary to ensure a clear understanding of the situation locally, within areas, and on a system wide basis. These reporting requirements do not replace established requirements regarding Safety, Claims, Corporate Security, Regulatory agency Environmental Incidents etc.

Reporting requirements

Reporting requirements and intervals will be established by Regional Emergency or Power Delivery Emergency Incident Commander. Upon request the emergency centers and departments will provide requested information. The following information will typically be requested as appropriate:

- Current damage assessment (areas assessed vs still to be assessed)
 - Number of company crews working
 - Number of contract crew working (this can include crews from other utilities)
 - Number of tree crews working
 - Number of assessors working
 - Number of support staff working
 - Plans for crew rest and rotation
 - Types and locations of any problems hindering restoration efforts
 - Material and/or equipment issues
 - Customer call volumes
 - Weather forecasts
 - Community Arrangements
- (b) We restore power with the same priorities, as listed in 12 (a) above, to all customers.

City of Portland Data Request 5

(a) How many customers in 2006 have enrolled in the Company's shopping incentive adjustment under Schedule 781. (b) For those enrolled shopping incentive customers, how many meters are participating? (c) What is the total projected (annual) kWh usage represented by those meters? (d) What is the total shopping incentive adjustment expected for 2006, in dollars? (e) What was the total shopping incentive adjustment paid in 2005?

Response to City of Portland Data Request 5

- (a) In 2006, two customers have enrolled in the Company's shopping incentive adjustment under Schedule 781, (b) representing 41 meters.
- (c) The total projected (annual) kWh usage represented by those meters is 100,000,000 kWh.
- (d) The total shopping incentive adjustment expected for 2006, in dollars is \$500,000.
- (e) The total shopping incentive adjustment paid in 2005 was \$809,643.

City of Portland Data Request 6

What is the total number of customers that are eligible for the Schedule 781 shopping incentive adjustment? What is the total number of meters eligible for the Schedule 781 shopping incentive? What is the total projected (annualized) kWh usage represented by those meters?

Response to City of Portland Data Request 6

Because of the OPUC rules governing Oregon direct access, it is not feasible to provide quantitative responses to this Data request. According to Schedule 781, customers with loads greater than 30 kW and less than 1,000 kW taking service under Direct Access Delivery Service Schedules 728, 730 and 741 are eligible. The Shopping Incentive Adjustment is available to the first ten percent (10%) of Qualifying Consumer load, measured on a kW basis, where the Qualifying Consumer Load is the estimated total load of Consumers eligible for the Adjustment. No Consumer, business, or group of affiliated businesses with common or similar ownership shall receive the Adjustment for single or multiple locations that represents more than 2.5% of Qualifying Consumer Load. The limit was 86 MW for 2006. In addition, customers are not required to participate in direct access. Therefore, it is not feasible to estimate the annualized usage for eligible customers.

City of Portland Data Request 13

(a) Please provide a copy of the agreement between PacifiCorp and PGE regarding the provision of electricity to City-owned streetlights in PacifiCorp's service territory. (b) Please identify any effects on the agreement or otherwise if the City were to switch from service under PGE Schedule 91 to service under PGE Schedule 591.

Response to City of Portland Data Request 13

- (a) See Attachment City of Portland 13.
- (b) Please refer to PGE's Response to the City of Portland's Data Request 22 in PGE's UE 180 rate filing for part (b) of this request.

June 5, 2006

TO: Benjamin Walters
Office of City Attorney

FROM: Patrick G. Hager
Manager, Regulatory Affairs

**PORTLAND GENERAL ELECTRIC
UE 180
PGE Response to City of Portland Data Request
Dated May 17, 2006
Question No. 022**

Request:

Please provide a copy of the agreement between PacifiCorp and PGE regarding the provision of electricity to City-owned streetlights in PacifiCorp's service territory. Please identify any effects on the agreement or otherwise if the City were to switch from service under PGE Schedule 91 to service under PGE Schedule 591.

Response:

Attachment 022-A contains a copy of the Agreement. PGE objects to the question regarding the effects on the Agreement should the City switch service from Schedule 91 to Schedule 591 on the basis that it requests a legal opinion.

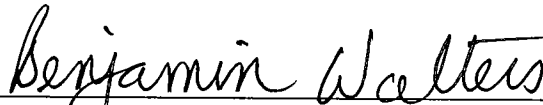
UE 180
Attachment 022-A

PacifiCorp and PGE Agreement

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing CITY OF PORTLAND'S OPENING TESTIMONY on the individuals on the following Service List by electronic mail and, for those individuals who have not waived paper service, by First Class Mail with the U.S. Postal Service in a sealed envelope with postage paid, and deposited in the post office at Portland, Oregon on said day.

DATED this 12th day of July 2006.



Benjamin Walters, OSB #85354
Senior Deputy City Attorney
Of Attorneys for City of Portland

SERVICE LIST

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