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December 21, 2007

***Via Electronic Filing and U.S. Mail***

Oregon Public Utility Commission  
Attention: Filing Center  
550 Capitol Street NE, #215  
PO Box 2148  
Salem OR 97308-2148

**Re: UE 189 – In the Matter of Portland General Electric Request to Add Schedule 111,  
Advanced Metering Infrastructure (AMI)**

Attention Filing Center:

Enclosed for filing in UE 189 are an original and five copies of:

- **Reply Testimony of Portland General Electric Exhibit (PGE/300/Carpenter-Tooman/Reply to OPUC Staff Issues).**

These documents are being filed electronically. Hard copies will be sent via postal mail.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return it to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

  
DOUGLAS C. TINGEY

DCT: saa  
Enclosures  
cc: Service List-UE 189

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON**

**UE 189**  
Advance Metering Infrastructure  
For Prices Effective June 1, 2008

**PORTLAND GENERAL ELECTRIC COMPANY**

**Reply Testimony**

**December 21, 2007**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON**

**Reply to OPUC Staff Issues**

**PORTLAND GENERAL ELECTRIC COMPANY**

Reply Testimony of

*Bruce Carpenter*  
*Alex Tooman*

**December 21, 2007**

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**I. Introduction**

1 **Q. Please state your names and positions.**

2 A. My name is Bruce Carpenter. I am General Manager of Revenue Operations.

3 My name is Alex Tooman. I am a Project Manager in Regulatory Affairs.

4 Our qualifications appear in PGE Exhibit 100, Section V.

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of our testimony is to respond to Staff Exhibit 100, which raised two concerns  
7 relative to the Stipulation reached among the OPUC Staff, the Oregon Department of  
8 Energy, the Community Action Partnership of Oregon, Northwest Natural Gas, and PGE  
9 (the Parties) regarding PGE's Advanced Metering Infrastructure (AMI) system.

10 **Q. What were Staff's two concerns?**

11 A. Staff's first concern addresses the kind of AMI cost review that may be performed in future  
12 dockets and ultimately raises the issue of what constitutes a prudence review. Staff's second  
13 concern is related to the timing of a direct load control program by PGE.

14 **Q. Do these concerns affect docket UE 189?**

15 A. No. All issues raised by the Parties in UE 189 are addressed in PGE's Conditions document  
16 (Joint Party Exhibit 101). The concerns raised in Staff Exhibit 100 relate to future dockets.  
17 Although, PGE believes these concerns should be addressed in the future dockets, we reply  
18 to them here because they are raised by Staff in this proceeding.

## II. Staff Concerns

### A. AMI Prudence Review

1 **Q. What is Staff’s position regarding an AMI cost review that may be performed in future**  
2 **dockets?**

3 A. In its testimony, Staff notes that in future dockets parties will “review whether actual AMI  
4 costs and savings are materially different than PGE’s estimates.” (Staff/100, Schwartz/1)  
5 Staff continues by saying that if the estimates used in this docket “prove to be unreasonably  
6 different than actual costs and savings, and Staff or Parties find AMI’s actual net benefits to  
7 be unreasonably below PGE’s estimates for this proceeding, Staff or Parties may  
8 recommend that the Commission disallow unreasonable costs.” *Id.*

9 **Q. Do you agree with Staff’s explanation of the scope of future dockets?**

10 A. While Staff is free to make any recommendation it deems appropriate in future dockets, we  
11 do not agree with the basic premise underlying this part of Staff’s testimony. It appears that  
12 Staff believes the proper inquiry in future dockets will be to compare actual costs against the  
13 estimates used in this docket to determine if the costs were reasonably incurred. That is not  
14 correct. The inquiry in future dockets will be whether the costs were prudently incurred  
15 given the facts and circumstances at the time they were incurred. In this case the projections  
16 span a number of years in the future, and it is very likely, if not certain, that during that time  
17 circumstances will change from those currently assumed. The question in future dockets  
18 will be whether PGE acted prudently given those changed circumstances. The changes  
19 could lead to higher or lower costs, and greater or lesser savings, resulting from the AMI  
20 project. While the estimates used now will be of interest in that inquiry, they are not the test  
21 by which prudence will be measured.

**B. Timing for Direct Load Control**

1 **Q. What is Staff's position on the timing of a direct load control program for PGE?**

2 A. Staff believes that PGE should implement a direct load control program sooner than that  
3 agreed to in PGE's Conditions document, which is both an attachment to the Stipulation and  
4 submitted as Exhibit 101 to Joint Party Testimony.

5 **Q. Why does Staff advocate for earlier development of a direct load control program?**

6 A. Staff does so because they observe that, "Many utilities have implemented programs to  
7 control customer loads such as air-conditioning and water heating without AMI."  
8 (Staff/100, Schwartz/2)

9 **Q. Is PGE opposed to implementing a direct load control program?**

10 A. No. PGE is very interested in implementing a direct load control program and has made  
11 specific commitments to that effect in our Conditions document (see Joint Party Exhibit 101,  
12 pages 2 through 5). PGE believes, however, that the most practical approach is to  
13 implement a direct load control program in conjunction with our AMI system.

14 **Q. Why does PGE believe this?**

15 A. One of the many benefits to PGE's AMI system is that it provides a platform for the  
16 customer and system benefits that we identified in our Scoping Plan (see PGE Exhibit 103).  
17 Demand response is a critical component of these programs and includes direct load control.

18 Staff acknowledges AMI's capabilities in relation to direct load control by noting that,  
19 "The two-way AMI communications system PGE is proposing can be used to send signals  
20 to customers' premises for direct control of loads. The system can verify resulting  
21 reductions in loads at customers' premises, as well. Alternatively, aggregated load  
22 reductions can be monitored at the substation level." (Staff/100, Schwartz/2) In order to

1 implement the program with AMI, however, PGE must achieve certain milestones (e.g.,  
2 adequate level of AMI deployment and sufficient amount of historical, interval-meter data to  
3 provide a baseline for comparisons) in order to make the program practicable and attract  
4 bidders for a request for proposal for mass market demand side capacity.

5 **Q. Why couldn't PGE pursue a non-AMI-related program sooner, as Staff suggests?**

6 A. Because PGE is applying its available resources to the AMI project and the commitments  
7 specified in the Conditions document, as well as the programs associated with customer and  
8 system benefits identified in PGE's Scoping Plan. Quite simply, PGE does not have the  
9 resources to accomplish all of these major goals *and* pursue an additional non-AMI, direct  
10 load control program.<sup>1</sup> We also believe that any non-AMI, direct load control program  
11 would result in higher costs and/or lower functionality and benefits compared to an  
12 AMI-related program. Finally, it is more likely that PGE will only have to support one  
13 system, if we wait for AMI deployment.

14 **Q. Can PGE implement an AMI-related direct load control program sooner than**  
15 **specified in the Conditions document?**

16 A. Not in a cost-effective manner. The practical limitations identified above restrict PGE's  
17 ability to implement the program sooner than currently specified.

18 **Q. Does this conclude your testimony?**

19 A. Yes.

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<sup>1</sup> PGE departments that would be particularly affected are meter services, IT communications, plus IT and AMI project personnel responsible for assessment and implementation of enabling technologies.



**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing **REPLY TESTIMONY OF PORTLAND GENERAL ELECTRIC COMPANY (PGE/300/Carpenter-Tooman/Reply to OPUC Staff Issues)** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. UE 189.

Dated at Portland, Oregon, this 21th day of December 2007.



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**DOUGLAS C. TINGEY**

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