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August 10, 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 the original and one (1) copy of the Cross Examination Statement, and the original and two (2) copies of the Cross Examination Exhibits on behalf of the Industrial Customers of Northwest Utilities in the above-referenced Docket. Confidential copies on yellow paper are being provided to those parties who have signed Protective Order No. 10-069.

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 Cross Examination Statement and Exhibits on behalf of the Industrial Customers of Northwest Utilities 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 10th day of August, 2012.

/s/ Sarah A. Kohler
Sarah A. Kohler

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(W) CITIZENS' UTILITY BOARD OF OREGON OPUC DOCKETS ROBERT JENKS G. CATRIONA MCCracken 610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org bob@oregoncub.org catriona@oregon.org	(W) PUBLIC UTILITY COMMISSION OF OREGON STEVE SCHUE PO BOX 2148 SALEM OR 97308-2148 steve.schue@state.or.us

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 245

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	
)	CROSS EXAMINATION STATEMENT
2013 Transition Adjustment Mechanism Schedule))	AND EXHIBITS OF THE INDUSTRIAL
201, Net Power Costs, Cost-Based Supply Service))	CUSTOMERS OF NORTHWEST
)	UTILITIES
_____)	

Pursuant to the Administrative Law Judge (“ALJ”) Pines’ July 17, 2012 Ruling, the Industrial Customers of Northwest Utilities (“ICNU”) submits its cross examination exhibits and this notice of intent to cross-examine witnesses at the August 16, 2012 hearing in the above-referenced Docket. ICNU also reserves the right to conduct follow up cross examination of any witnesses that are cross examined by other parties, or the ALJ. ICNU currently wishes to cross-examine the following witnesses:

<u>Witness</u>	<u>Party</u>	<u>Amount of Time Requested</u>	<u>Subject</u>
Greg Duvall	PacifiCorp	30 minutes	Net Power Costs

Dated this 10th day of August, 2012.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Irion A. Sanger

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Of Attorneys for the Industrial Customers of
Northwest Utilities

UE 245 - CROSS-EXAMINATION EXHIBITS OF ICNU			
ICNU/200	Greg Duvall	PacifiCorp	Revised Response to ICNU DR 2.14
ICNU/201	Greg Duvall	PacifiCorp	Response to ICNU DR 7.7
ICNU/202	Greg Duvall	PacifiCorp	Response to ICNU DR 7.8
ICNU/203	Greg Duvall	PacifiCorp	Response to ICNU DR 8.1
ICNU/204	Greg Duvall	PacifiCorp	Response to ICNU DR 8.5
ICNU/205	Greg Duvall	PacifiCorp	Response to ICNU DR 9.1
ICNU/206	Greg Duvall	PacifiCorp	Response to ICNU DR 9.4
CONF ICNU/207	Greg Duvall	PacifiCorp	Response to ICNU DR 11.2 (with CONF Attachment)

ICNU Data Request 2.14

Regarding the testimony of Mr. Duvall at page 22, lines 11-22, please provide a calculation and supporting documentation of what the trading and arbitrage adjustment would be in this proceeding.

1st Revised Response to ICNU Data Request 2.14

The Company provides the following revised response to ICNU 2.14:

Please refer to Confidential Attachment ICNU 2.14 1st Revised. The original response to ICNU Data Request 2.14 included a pivot table that incorrectly omitted some rows of data. The response has been revised with a corrected pivot table. The effect of the correction increases the requested net trading and arbitrage adjustment from \$2.3 million to \$2.5 million.

The confidential attachment is designated as confidential under Protective Order No. 10-069 and may only be disclosed to qualified persons as defined in that order.

ICNU Data Request 7.7

Regarding PAC/300, Duvall/29, 31-32. Please provide all support for the statement that “FERC has also taken a restricted view of the ability to charge transmission customers delivering wind resources differently than other transmission customers.” Please identify the specific provisions of any FERC orders, decisions or proposals that prevent PacifiCorp from recovering the variable costs of wind integration services from third parties.

Response to ICNU Data Request 7.7

The Federal Energy Regulatory Commission (FERC) issued Order No. 764 in Docket No. RM10-11-000 on June 22, 2012. This order requires that public utility transmission providers seeking to impose a charge that requires different transmission customers to purchase or otherwise account for different quantities of generator regulation reserves based on the variability of the wind resource (i.e., a wind integration charge) must consider the effect of the reforms adopted in Order No. 764 when developing proposed reserve capacity costs and evaluating such charges. These reforms include adoption and implementation of 15-minute intra-hour scheduling, which is not currently offered in the west. The FERC believes that these reforms are necessary to ensure that the services and rates charged to transmission customers delivering power from variable energy resources are just and reasonable and not unduly discriminatory or preferential. The compliance deadline for meeting the requirements of Order No. 764 is September 2013. These requirements are consistent with the FERC’s Notice of Proposed Rulemaking issued in Docket RM10-11-000.

ICNU Data Request 7.8

Please identify whether PacifiCorp has requested FERC approval to charge OATT customers the variable costs of integrating third party wind generation.

Response to ICNU Data Request 7.8

Consistent with the Federal Energy Regulatory Commission's (FERC) notice of proposed rulemaking in Docket RM10-11-000 and Order No. 764, PacifiCorp has requested FERC approval in its transmission rate case (Docket No. ER11-3643) to charge OATT customers the costs of integrating load and variable generation, but has not proposed charges that require different transmission customers to purchase or otherwise account for different quantities of generator regulation reserves based on the variability of the wind resource. A final order in the transmission rate case has not been issued and settlement discussions are still ongoing.

ICNU Data Request 8.1

Please fully describe Mr. Duvall's understanding of the definition of a bookout transaction. Please provide references to any official regulatory definitions Mr. Duvall is aware of.

Response to ICNU Data Request 8.1

The Company refers to the Direct Testimony of Michael C. Deen, ICNU/100, page 7:

A bookout transaction occurs when two utilities schedule equal and offsetting power sales at a delivery point which can then be settled financially rather than as a physical delivery as a scheduling convenience.

Generally, this is also Mr. Duvall's understanding of a bookout transaction.

ICNU Data Request 8.5

Please provide the MWh of energy that was displaced for economic reasons for each of PacifiCorp's coal resources by month for the 60 months ended December 2011.

Response to ICNU Data Request 8.5

The Company objects to this request as not reasonably calculated to lead to the discovery of admissible evidence and to the extent the request requires development of information not maintained in the ordinary course of business or preparation of a special study. Without waiving these objections, the Company responds as follows:

The Company does not have the data requested because it has not performed the requested analysis.

ICNU Data Request 9.1

Please refer to PacifiCorp's response to ICNU DR 7.7. Please identify a page or paragraph citation in Order No. 764 that supports the sentence which starts: "This order"

Response to ICNU Data Request 9.1

Order No. 764, paragraphs 23 and 315-323. In the Order, the Federal Energy Regulatory Commission (FERC) states: "The Commission agrees that calculating the relative impact of individual customers or customer classes on a public utility transmission provider's overall generation regulating reserve needs and allocating those costs accordingly can be a difficult and complex determination." (§ 315) FERC further requires transmission providers to incorporate six principles into any proposal seeking to distinguish customers into classes for the purpose of requiring them to purchase or otherwise account for different quantities of generation regulating reserves (§ 317). Principle five requires that a transmission provider consider the extent to which transmission customers are using intra-hour scheduling in evaluating whether to require different transmission customers to purchase or otherwise account for different quantities of generator regulating reserves (§ 322).

Currently, PacifiCorp and other entities in the west offer 30-minute intra-hour scheduling, not 15-minute intra-hour scheduling as required by the order. PacifiCorp is in the process of analyzing the required six principles, as well as the compliance requirement to implement intra-hour scheduling by September 11, 2013, to determine how the Company may make a proposal seeking to distinguish customers into classes for the purpose of requiring them to purchase or otherwise account for different quantities of generation regulating reserves as well as the timing for any such proposal in light of the September 11, 2013 compliance date for 15-minute intra-hour scheduling.

ICNU Data Request 9.4

Please refer to PacifiCorp's response to ICNU DR 7.7. Please explain whether PacifiCorp plans to meet the September 2013 compliance deadline or seek a waiver from compliance. If PacifiCorp intends to seek a waiver, please identify any and all grounds for seeking a waiver.

Response to ICNU Data Request 9.4

PacifiCorp intends to meet the September 2013 compliance deadline.

ICNU Data Request 11.2

Please provide an annual summary of the total MWh of energy that formed the basis of PacifiCorp's bookout transactions for the years 2006 through 2011 where PacifiCorp was the seller.

Response to ICNU Data Request 11.2

Please refer to Confidential Attachment ICNU 11.2. PacifiCorp is defined as the seller when a PacifiCorp transaction is booked under the resale sales category.

The confidential attachment is designated as confidential under Protective Order No. 10-069 and may only be disclosed to qualified persons as defined in that order.

PacifiCorp's bookout transactions for the years 2006 through 2011

	2006	2007	2008	2009	2010	2011
DOLLARS						
BOOKOUT SALES						
BOOKOUT PURCHASES						
MWH TOTAL						
BOOKOUT SALES						
BOOKOUT PURCHASES						