

November 19, 2009

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97301-2551

Attn: Filing Center

Re: UM 1442 – Rebuttal Testimony of Hui Shu on behalf of PacifiCorp

PacifiCorp (dba Pacific Power) hereby submits for filing an original and five (5) copies of the Rebuttal Testimony of Hui Shu in the above referenced matter.

It is respectfully requested that all communications related to this filing be addressed to:-

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Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
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Portland, OR 97232

Oregon Public Utility Commission

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Please direct informal correspondence and questions regarding this filing to Joelle Steward,
Regulatory Manager, at (503) 813-5542.

Very truly yours,

A handwritten signature in black ink that reads "Andrea Kelly". The signature is written in a cursive style with a horizontal line under the "y" at the end.

Andrea L. Kelly
Vice President, Regulation

Enclosures

cc: Service List in UM 1442

Docket No. UM-1442
Exhibit PPL/102
Witness: Hui Shu

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

PACIFICORP

Rebuttal Testimony of Dr. Hui Shu

November 2009

1 **Q. Please state your name, business address and present position with**
2 **PacifiCorp (“Company”).**

3 A. My name is Hui Shu, my business address is 825 N.E. Multnomah, Suite 600,
4 Portland, Oregon 97232, and my present position is Manager of Net Power Costs.

5 **Q. Have you previously filed testimony in this case?**

6 A. Yes. I filed direct testimony in this case.

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

8 A. I respond to the opening testimony of Staff witness Mr. Ed Durrenberger
9 regarding his concern that the Company has changed its acknowledged integrated
10 resource plan (“IRP”). I also address Staff’s proposal that an updated action plan
11 be acknowledged by the Commission prior to its use in establishing new long
12 term avoided costs.

13 **Q. Do you address the testimony submitted by Mr. Randall Falkenberg on**
14 **behalf of the Industrial Customers of Northwest Utilities?**

15 A. No. Mr. Falkenberg states in his testimony that he has not reviewed the accuracy
16 of the Company’s avoided cost inputs, which the Commission has made clear is
17 the only issue under consideration in this docket.

18 **Q. Please provide a general overview of Staff’s opening testimony in this**
19 **proceeding.**

20 A. Mr. Durrenberger’s opening testimony concludes that PacifiCorp followed the
21 methodology required by Order No. 05-584 and has accurately calculated its
22 avoided costs based on that methodology. Moreover, Mr. Durrenberger
23 concludes that the prices used to calculate the avoided costs appear reasonable

1 and consistent with price estimates from other sources that were available at the
2 time of PacifiCorp's filing.

3 **Q. Does Staff address any other issues with respect to PacifiCorp's avoided cost**
4 **filing in its opening testimony?**

5 A. Yes. Staff states that with this filing, "PacifiCorp has updated its action plan from
6 the plan the Commission acknowledged in the Company's most recent IRP. The
7 updated plan calls for PacifiCorp to remain resource sufficient until the end of
8 2013 rather than until 2012 as previously planned." Staff/100, Durrenberger/5.
9 Staff expresses concern about this plan change and the fact that it has not been
10 fully evaluated by the Commission and other parties in the IRP evaluation. *Id.*
11 Staff's concern appears to be based, in part, on its belief that the Company's
12 avoided cost filing was based on its' yet to be acknowledged 2008 IRP.

13 **Q. Did PacifiCorp base its avoided cost filing on information contained its 2008**
14 **IRP as implied by Staff?**

15 A. No. As described in my direct testimony, because the outcome of Docket UM
16 1396 is still pending, the load and resource balance in this docket is calculated
17 based on the Commission approved methodology using the Generation and
18 Regulation Initiative Decision ("GRID") model.

19 **Q. Staff proposes that whenever a significant change to the IRP action plan is**
20 **proposed, the action plan be first acknowledged by the Commission if it is**
21 **planned to be used in establishing new long-term avoided costs. What is**
22 **your reaction to this proposal?**

23 A. As an initial matter, PacifiCorp asserts that Staff's proposal is outside the scope of

1 this investigation. It is my understanding that the scope of this investigation is
2 limited to the sole issue of whether the avoided cost rates filed by PacifiCorp are
3 consistent with the methodologies and calculations required by Order No. 05-584.
4 This scope was reiterated in the Commission's Order No. 09-427 denying the
5 motion for reconsideration/clarification in this proceeding. The Company
6 believes that such a proposal could be more appropriately vetted in a generic
7 proceeding.

8 PacifiCorp is also somewhat puzzled by Staff's proposal to require the use
9 of only acknowledged, and potentially out-of-date IRP data. In Mr.
10 Durrenberger's testimony in UM 1396, he discusses the importance of the latest
11 information in the determination of the resource sufficiency period. Mr.
12 Durrenberger specifically indicates that the load forecasts should be up-to-date at
13 the time of a resource sufficiency determination, based on a methodology
14 consistent with the most recently acknowledged IRP. *See* Staff/100,
15 Durrenberger/6-7 in UM 1396. The Company believes these positions are
16 inconsistent.

17 **Q. Please explain.**

18 A. Load forecast is one of the key inputs in the determination of a utility's resource
19 sufficiency/deficiency period. In addition, the load is met by a portfolio of
20 resources. Using a stale load forecast to determine the sufficiency/deficiency
21 period leads to incorrect calculation of avoided costs. Not updating the existing
22 resource portfolio would be equally incorrect. Given the two positions, the
23 Company supports Staff's position in UM 1396. That is, the Company agrees that

1 load forecast data driving avoided cost determinations should be the most current
2 information available. For this, and the reasons previously discussed, PacifiCorp
3 believes that Staff's proposal could be more appropriately and thoroughly
4 addressed in a generic proceeding.

5 **Q. Does this conclude your rebuttal testimony?**

6 A. Yes

CERTIFICATE OF SERVICE

I hereby certify that on this 19th of November, 2009, I caused to be served, via E-Mail and U.S. Mail (to those parties who have not waived paper service), a true and correct copy of the foregoing document on the following named person(s) at his or her last-known address(es) indicated below.

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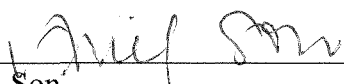
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