

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 52**

In the Matter of	)	
	)	
PACIFICORP	)	OPENING COMMENTS OF THE
	)	INDUSTRIAL CUSTOMERS OF
2011 Integrated Resource Plan.	)	NORTHWEST UTILITIES
_____	)	

**I. INTRODUCTION**

The Industrial Customers of Northwest Utilities (“ICNU”) submits the following comments regarding PacifiCorp’s (or the “Company”) 2011 integrated resource plan (“IRP”). PacifiCorp has a well documented history of overestimating its resource needs in IRPs and requests for proposals (“RFPs”) through faulty assumptions, including overly aggressive planning reserve margins. PacifiCorp has again inflated its resource acquisition plans based upon an unjustified increase in its planning reserve margins to 13%, which should be rejected by the Oregon Public Utility Commission (the “Commission” or “OPUC”). In addition, if the Company pursued all of the costly items included in its IRP, rate shock would occur. The Company needs to moderate its plans and consider the huge impact on rates resulting from its proposals in the IRP. The Commission should take a very careful look at all aspects of this plan and reject those costly components that are not absolutely necessary. PacifiCorp’s industrial customers in Oregon have experienced over 17-20% average rate increases in total this year alone, and rate increases of this magnitude are not sustainable.

The Commission should reject PacifiCorp's proposed 13% planning reserve margin increase because the Company's modeling did not properly reflect that some of its reserves can be met from other balancing authorities under the Northwest Power Pool Contingency Reserve Sharing Program and from transfers or spot sales from other entities, including unprecedented planning reserve levels projected for California during the IRP planning period. In addition, increasing planning reserves is inappropriate because the Company has not reviewed whether a number of regional initiatives and other market and scheduling changes that are being currently considered in the Pacific Northwest will reduce its reserve needs. Finally, the Company does not appear to have considered the relatively constant amount of unserved energy under each of the different planning reserve levels. Since the Company ignored these critical factors, ICNU recommends not modifying PacifiCorp's planning reserve margin at this time. If the Commission believes a change is warranted, then ICNU recommends reducing the planning reserve margin.

## **II. BACKGROUND**

PacifiCorp has consistently overestimated its resource needs since at least 2004. One mechanism the Company uses to justify new resources is increasing its planning reserve margin. PacifiCorp's 2004 IRP proposed increasing its planning reserve margin from 12% to 15%, and the Company's analysis did not appear to consider lower reserve margins. The Commission refused to acknowledge PacifiCorp's inflated 15% planning reserve margin. Re PacifiCorps 2004 IRP, Docket No. LC 39, Order No. 06-029 at 21-22 (Jan. 23, 2006). The Commission concluded that a lower planning reserve margin was less costly, and found numerous faults in the Company's analysis, including that the assumed costs to customers of

unserved energy and for reducing unserved energy were disputable, and PacifiCorp failed to analyze the cost-risk trade off of actual portfolios. Id. The Commission directed PacifiCorp to conduct more rigorous analysis of planning reserve margins in future IRPs. Id. at 22.

PacifiCorp's subsequent 2007 and 2008 IRPs included controversial proposals to acquire large base load resource acquisitions, which were also not acknowledged by the Commission. Re PacifiCorp 2007 IRP, Docket No. LC 42, Order No. 08-232 at 35 (April 24, 2008); Re PacifiCorp IRP, Docket No. LC 47, Order No. 10-066 at 26 (Feb. 24, 2010).

PacifiCorp's 2007 IRP used a 12% planning reserve margin and analyzed planning reserve margins of 12%, 15% and 18%, but the Company did not consider whether a lower planning reserve margin would be appropriate. Order No. 08-232 at 28. PacifiCorp's 2008 IRP used a 12% planning reserve margin and again analyzed higher planning margins, but not lower margins. Order No. 10-066 at 24. The Company selected a 12% planning reserve margin instead of a higher amount because "it was not cost-effective to invest in incremental generation capacity for reserves because the cost premium for such investment is above the assumed [energy not served] cost." Id. While the use of the 12% planning reserve margin was not litigated in the last two IRPs, numerous aspects of the Company's resource planning projects were controversial, and many aspects of the IRPs were not acknowledged or were modified, including the Company's plans to acquire four base load thermal resources in the 2007 IRP. Order No. 08-232.

PacifiCorp's recent thermal resource RFPs have suffered from similar problems associated with the Company overestimating its resource needs. In 2007, the Commission rejected PacifiCorp's 2012 draft request for proposal because "PacifiCorp failed to justify the

need for 1,109 megawatts (MW) of base load resources.” Re PacifiCorp Draft 2012 RFPs, Docket No. UM 1208, Order No. 07-018 at 1 (Jan. 16, 2007). The Commission reiterated its previous concerns with the Company’s overly aggressive planning reserve margins and concluded that PacifiCorp did not need to acquire two new thermal resources in the eastern side of its system in 2012 and 2013. Id. at 6-7.

PacifiCorp shortly thereafter filed what it characterized as its “2008 RFP” seeking to acquire or build up to 2,000 MWs of base load resources. The Commission approved the 2008 RFP with conditions, but did not acknowledge the need to acquire 2,000 MWs of base load resources. Re PacifiCorp 2008 RFP, Docket No. UM 1360, Order No. 08-310 at 3 (June 5, 2008). After issuing the RFP and obtaining bids from third parties, PacifiCorp eventually realized that it did not need all the resources it was requesting and sought to suspend the 2008 RFP. PacifiCorp Notice of Suspension of 2008 RFP (Feb. 27, 2009). PacifiCorp eventually restarted its RFP process and selected Lakeside II as the winning resource. See Docket No. UM 1360, Order No. 10-494 (Dec. 27, 2010); Attachment 1, PacifiCorp response to ICNU Data Request 3.2.

PacifiCorp’s 2011 IRP proposes to use a 13% planning reserve margin. PacifiCorp 2011 IRP at 4. The increase to a 13% planning reserve margin is based on a stochastic loss of load study (“LOLP Study”) that was conducted in 2010. Id. The Company states that the previous comprehensive LOLP Study was conducted for its 2004 IRP; that study was rejected by the Commission because of its overly high planning reserve margins. Id. at App. J at 245; Order No. 06-029 at 21-22. The use of a higher planning reserve margin helps

drive PacifiCorp's claimed need to build or purchase three (instead of two) combined cycle combustion turbines by 2019. PacifiCorp 2011 IRP at 9 and App. J at 247.

Consideration of PacifiCorp's IRP proposals, including the planning reserve margin, should weigh the potential rate impacts against assumed reliability or other benefits. Since PacifiCorp was acquired by Mid-American Energy Holdings Company ("MEHC"), the Company has focused on making significant capital investments which has resulted in devastating impacts on customers through constant rate increases. When seeking Commission approval to acquire PacifiCorp, MEHC stated that its investments should reduce rate pressures and that annual rate increases would be less than 4% per year. Re MEHC and PacifiCorp Application, Docket No. UM 1209, PPL/312 at Gale/6-7 (Dec. 7, 2005). PacifiCorp's Oregon rate increases have far exceeded 4% a year, with industrial rates increasing about twice as much annually (7% per year) and around 50% overall since January 2006. Recent rate increases have been particularly high, with Oregon industrial rates increasing about 23% over the past two years.

### **III. COMMENTS**

The Company's proposal to increase its planning reserve margin is based on the LOLP Study that suffers from a number of significant flaws. PacifiCorp relies upon its LOLP Study to evaluate its planning reserve margin because the study reviews the number of hours over a time period in which load is not expected to be met. PacifiCorp's 13% planning reserve margin should not be acknowledged because the LOLP Study did not: 1) properly model the region's existing contingency reserve program; 2) account for the many regional initiatives being considered and implemented for changing the manner in which power is scheduled and balanced;

and 3) rely on transfers or spot purchases from other entities, including the Northwest spring run-off and the unprecedented levels of surplus capacity in California during the planning horizon. Finally, the Company does not appear to give any weight to the fact that the unserved energy amounts are relatively constant across all planning reserve levels. These issues demonstrate that the Company's 13% planning reserve margin is inflated and will result in PacifiCorp planning to acquire more resources than are needed.

**A. Contingency Reserves Must Be Properly Modeled**

The Pacific Northwest has in place—through the Northwest Power Pool—a Contingency Reserve Sharing Program (“CRSP”) that requires balancing authorities within the region to supply reserves for the first hour following a generating forced outage or transmission line failure if the utility has inadequate reserves. While the Company has the analytical capability to properly model the CRSP, this source of supply was not modeled by the Company in its LOLP Study. See PacifiCorp 2011 IRP at App. J at 251 and 252. Instead, the Company merely assumed the results from a different analysis for a different utility with a different contingency reserve obligation would be a “reasonable proxy” for the CRSP impact.

ICNU's expert has reviewed the LOLP Study unserved energy results for each of the 100 Monte Carlo simulation runs for each planning reserve percentage scenario by month. This review indicates that the associated energy level is quite modest for the vast majority of hours when the energy needs are not met. This means that PacifiCorp might be able to rely upon the CRSP to meet some of its planning reserve needs. The Company should have accounted for the region's existing contingency reserve program because proper modeling could reduce PacifiCorp's estimated planning reserve margin.

**B. Regional Initiatives Can Reduce PacifiCorp's Reserve Needs**

There are a host of ongoing collaborative regional initiatives investigating how variable generating resources can be accommodated in the Pacific Northwest and the Western Electricity Coordinating Council. These initiatives are applicable or will provide system benefits beyond simply integrating variable resources into the electricity system through greater coordination of the western power system. One example of these many efforts is the collaborative efforts of the Columbia Grid, Northern Tier Transmission Group and the West Connect transmission planning groups ("Joint Initiative"). The Joint Initiative is considering significant market changes, including the introduction of an intra-hour transmission purchasing and scheduling system, an intra-hour market, and a dynamic scheduling system. Another example is the Northwest Power Pool's Combined Reserve Task Force, which is ascertaining if additional events should be considered as qualifying under the CRSP. All these efforts are likely to impact the level of PacifiCorp's required reserves because they are targeted to facilitate short-term transactions between parties. It would be inappropriate to increase the Company's planning reserve margin until the region has completed all these coordination efforts and knows the impact on the region's system.

**C. Planning Reserve Margins Should Recognize that PacifiCorp Can Rely on Short-term Purchases to Meet Some Energy Needs**

PacifiCorp fails to recognize that spot purchases are a potential resource to serve loads. Spot market purchases should not be the primary manner to meet load or avoid reliability problems, but they should be one of a number of factors a utility should consider when evaluating whether it will be able to reliably meet its loads. It is particularly important for a

Pacific Northwest utility to consider the availability of market purchases that historically occur during the spring hydro runoff and the future electricity surpluses that are expected to occur in the Western region.

The Company's LOLP Study does not rely on spot purchases as a potential resource to serve loads or prevent unserved energy events. This is readily apparent from a cursory review of the monthly unserved energy amounts set forth in the table provided as Attachment 2, Summary of Expected Unserved Energy, to these comments. This table is a monthly summary of the expected unserved energy associated with each of the five planning reserve scenarios (8.3%, 10.2%, 12.8%, 15.5% and 18.3%). Except for an anomalous and inappropriate value in the month of July under the 12.8% scenario, the month of May has the highest amount of unserved energy under every scenario. The May and June amounts account for about 50% of PacifiCorp's total unserved energy needs.

Appropriate modeling should have recognized the regional surplus is an available source of supply because of the substantial amount of surplus hydro energy within the region, even under extreme critical conditions. This is especially true for the months of May and June. Evaluating the appropriate planning margin needs should consider PacifiCorp's ability to acquire spot purchases to serve short-term emergency needs, especially during the spring hydro run-off.

PacifiCorp should have also evaluated the ability to acquire spot purchases on an emergency basis from all available interconnected markets. For example, due to the state requirement to serve 33% of its energy needs from renewable resources by 2020, California is projecting unprecedented reserves or surpluses over the planning horizon of 2011-2020. Attachment 3 to these comments is one such recent projection performed by the California



System Operator (“CAISO”) dated April 29, 2011. For 2014, it shows a surplus above the planning reserve level of 18,834 MWs under the CAISO assumptions for the peak summer season. For 2014—based on the CAISO assumptions—California will have surplus energy available to meet a 59% planning reserve margin, significantly above the targeted need. The Company’s failure to account for the large amount of energy available during May and June in the Northwest and the surplus energy in interconnected markets demonstrates that PacifiCorp did not evaluate all possible resource options beyond building new power plants.

**D. Unserved Energy Analysis Demonstrates that PacifiCorp’s 13% Planning Reserve Margin Is Inflated**

In deciding upon a planning reserve margin, the two most widely used metrics are the loss of load probability and the expected unserved energy value. The expected unserved energy value is the amount of energy that is not served during these hours, which is a different analysis in the LOLP Study that focuses on the number of hours over a given period of when load was not met. The Company’s recommendation to increase its planning reserve margin above its current level appears to be predicated solely on achieving a one-in-ten year loss of load probability with no consideration given to the amount of energy unserved during these events.

Small improvements in unserved energy are extremely costly to ratepayers. The total amount of unserved energy hardly changes from the 10.2% reserve level (517 MWh) to the 18.3% reserve level (499 MWh). Attachment 2. Yet the difference in reserves for these two scenarios increases the Company’s fixed costs by almost \$170 million per year. PacifiCorp 2011 IRP at App. J at 254. This is far too great a price to pay for such a small increment improvement in unserved energy value (over \$9 million/MWh).

Another weakness of relying solely upon a loss of load probability study at various planning reserve margin levels is that the results are dependent upon where the resources are added (location, location, location) and the kind of resources added (size and/or configuration). This is demonstrated by comparing the results of the 8.3%, 10.2% and 12.8% scenarios. Under the 12.8% scenario, there are 484 MWs of additional resources available to serve the same load as under the 8.3% scenario and 288 MWs of additional resources as compared to the 10.2% scenario. The expected unserved energy, however, is greater under the 12.8% scenario than either the 8.3% or the 10.2% scenario. This counter-intuitive result of having more unserved energy with more resources calls into question the location and type of resources assumed in the analysis.

A review of the loss of load hours under the various planning scenarios by control area provides some insight into why there is more unserved energy when planning reserve margins are increased. The following table summarizes the expected loss of load hours by the Company's western ("WCA") and eastern ("ECA") areas.

<b>Comparison of Loss of Load Hours</b>			
<b>Reserve Scenario</b>	<b>WCA</b>	<b>ECA</b>	<b>System Total</b>
8.3%	5.9	14.1	20.0
10.2%	2.4	9.9	12.3
12.8%	2.4	4.4	6.9
15.5%	0.4	1.9	2.2
18.3%	0.1	0.7	0.8

This table shows that under the 10.2% scenario, the Company has already achieved a one day in ten year loss of load index for the WCA.<sup>1/</sup> Any additional resources assumed beyond this level are required to achieve a better reliability index for the ECA. If more careful attention had been given to the assumed location of the additional resources and the type of resource, then it is likely that a greater level of reliability (measured either by hours or unserved energy amounts) could have been achieved at a lower reserve margin. The Commission should not acknowledge PacifiCorp's approach of solely relying upon a LOLP Study and should require the Company to analyze unserved energy that accounts for the location and size of new resources.

#### **IV. CONCLUSION**

ICNU recommends the Commission reject the higher 13% planning reserve margin the Company is seeking in its 2011 IRP and, at a minimum, maintain the current 12% margin. Due to concerns over the manner in which the LOLP Study was performed and the fact that there are many regional initiatives being considered to gain operating efficiencies between balancing areas, PacifiCorp's planning reserve margin should not be increased beyond its previously authorized level. Indeed, given the expected unserved energy amounts and excess power projected from California, if anything, the Company's planning reserve margin should be lowered.

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<sup>1/</sup> An expected 2.4 hours of inadequate resources.  $2.4 \text{ hours per year} \times 10 \text{ years} = 24 \text{ hours}$  or 1 day in 10 years.

Dated this 25th day of August, 2011.

Respectfully submitted,

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/s/ Melinda J. Davison

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**ATTACHMENT 1**

**PACIFICORP RESPONSE TO ICNU DATA REQUEST 3.2**

LC-52/PacifiCorp  
August 18, 2011  
ICNU Data Request 3.2

**ICNU Data Request 3.2**

For each thermal and renewable request for proposal issued since 2000, please identify the amount of resources PacifiCorp sought to acquire and the actual amount of resources acquired by year. Please identify the resource ownership (i.e., self build, purchase power agreement, etc.). Please provide the same information for all thermal and renewable resources over 10 MWs not acquired through an RFP since 2000.

**Response to ICNU Data Request 3.2**

Please refer to Attachment ICNU 3.2 for a table that summarizes thermal and renewable RFP capacity procurement objectives and resource capacity amounts acquired by year.

Resource sought through formal RFP process issued by PacifiCorp*					Resource Procured			
RFP Name	Date Issued	Resource Type Sought	Contract Types Sought	Quantity Sought	Quantity Procured	Resource Description		Notes
				MW	MW	Name	Type	
2003A	6/3/2003	thermal/market purchases/renewable	power purchase agreement / engineering and procurement contract / build, own, transfer contract / asset purchase and sale agreement	225 MW Superpeak market purchases, 200 MW Peaker and 570 MW Baseload	584	Currant Creek	Combined Cycle Natural Gas	
					600	Lakeside	Combined Cycle Natural Gas	
2003B	2/15/2004	renewable	power purchase agreement	West - 100 MW by April 2005, 200 MW by April 2007 and 200 MW by April 2009, East - 200 MW by April 2006, 200 MW by April 2008 and 200 MW by April 2010	64.5	Wolverine Creek	Wind resource	
2003B Amended	3/21/2006	renewable	power purchase agreement / engineering and procurement contract / build, own, transfer contract / asset purchase and sale agreement	100 MW by December 2009	100.5	Leaning Juniper	Wind resource	
					70.2	Marengo II	Wind resource	
					94	Goodnoe Hills	Wind resource	
2004X	7/19/2004	thermal PPA	power purchase agreement / tolling agreement / lease agreement	200 MW	200	West Valley	Thermal toll	
2008R	1/31/2008	Renewable	power purchase agreement / build, own, transfer contract	200 MW in 2008 and 100 MW in 2009	99	3 Buttes (Campbell Hills)	Wind resource	
2008 All Source		thermal	power purchase agreement	up to 600 MW	600	Lakeside II	Combined Cycle Natural Gas	RFP suspended
2008R-1	10/6/2008	renewables	power purchase agreement / engineering and procurement contract / build, own, transfer contract / asset purchase and sale agreement	300 MW by December 2009	200.2	Top of the World	Wind Resource	
RFP 2009 All Source	12/2/2009	thermal/renewable/DSM	power purchase agreement / engineering and procurement contract / build, own, transfer contract / asset purchase and sale agreement	1500 MW summer peak market purchases, intermediate and baseload	600	Lakeside II	Combined Cycle Natural Gas	
2009R	7/8/2009	renewables	power purchase agreement / engineering and procurement contract / build, own, transfer contract / asset purchase and sale agreement	up to 400 MW by December 2012	111	Dunlap II	Wind resource	
2010S	11/30/2010	solar	power purchase agreement / build, own, transfer contract	up to 8.7 MW				
No formal RFP process issued by PacifiCorp - waiver received					Resource Procured			
					520	Chehalis	Combined cylce gas generation	

\*In developing this table, the Company excluded "market purchase only" RFPs, as well as PURPA Qualifying Facility contracts, since there is no procurement target to which acquired capacity can be compared.

**ATTACHMENT 2**

**SUMMARY OF EXPECTED UNSERVED ENERGY (MWhs)**

**PER PACIFICORP'S LOLP STUDY**



Summary of Expected Unserved Energy (MWhs) - Per PacifiCorp's LOLP Study														
Margin Scenario	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total	Total Excluding May/June
8.3%	88	3	0	0	175	93	117	40	97	0	0	10	624	355
10.2%	42	3	0	0	175	93	90	43	66	0	0	4	517	249
12.8%	58	3	0	0	175	84	220	47	66	0	0	4	658	398
15.5%	48	0	5	0	175	83	61	31	75	5	0	0	484	226
18.3%	47	0	5	0	175	80	82	32	75	2	0	0	499	244

Summary of Expected Unserved Energy (%) - Per PacifiCorp's LOLP Study														
Margin Scenario	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total	May/June Total
8.3%	14%	1%	0%	0%	28%	15%	19%	6%	16%	0%	0%	2%	100%	43%
10.2%	8%	1%	0%	0%	34%	18%	17%	8%	13%	0%	0%	1%	100%	52%
12.8%	9%	0%	0%	0%	27%	13%	33%	7%	10%	0%	0%	1%	100%	39%
15.5%	10%	0%	1%	0%	36%	17%	13%	6%	16%	1%	0%	0%	100%	53%
18.3%	10%	0%	1%	0%	35%	16%	16%	6%	15%	0%	0%	0%	100%	51%

**ATTACHMENT 3**

**SUMMARY OF PRELIMINARY RESULTS OF 33%**

**RENEWABLE INTEGRATION STUDY**

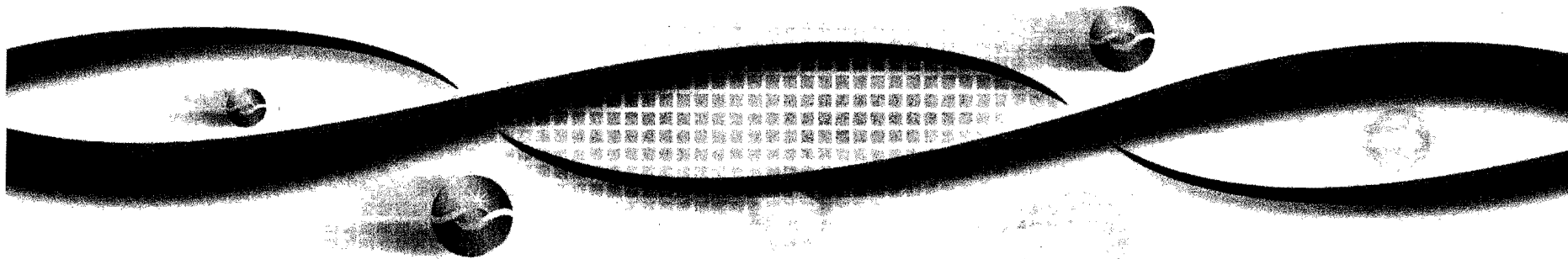
**2010 CPUC LTPP DOCKET NO. R.10-05-006**



**California ISO**  
Shaping a Renewed Future

# **Summary of Preliminary Results of 33% Renewable Integration Study – 2010 CPUC LTPP Docket No. R.10-05-006**

April 29, 2011



# Load and Resource Balance After Assumption Modifications

- Accounting for all of these modifications, the load and resource balance has a surplus of 14,144 MW above PRM in 2020, compared to 17,513 MW above PRM using the CPUC assumptions

Load and Resource Balance in the ISO using CAISO Resource Modifications (MW)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Load</i>										
Summer Peak Load	49,143	49,902	50,678	51,283	51,913	52,555	53,246	53,905	54,571	55,298
Total Demand Side Reductions	3,432	4,712	5,650	6,374	7,187	8,036	8,936	9,874	10,776	11,651
Net Peak Summer Load	45,711	45,190	45,028	44,909	44,726	44,519	44,310	44,031	43,795	43,647
<i>Resources</i>										
Existing Generation	49,809	49,809	49,809	49,809	49,809	49,809	49,809	49,809	49,809	49,809
Retiring Generation	(1,260)	(1,425)	(1,425)	(2,434)	(4,694)	(5,646)	(10,378)	(11,329)	(12,280)	(14,357)
Planned Additions (Thermal, RPS, CHP)	1,618	4,259	6,440	7,048	9,815	10,537	11,464	11,540	12,728	12,804
Net Interchange (Imports - Exports)	16,955	16,955	16,955	16,955	16,955	16,955	16,955	16,955	16,955	16,955
<i>Summary</i>										
Total System Available Generation	67,122	69,598	71,779	71,378	71,885	71,655	67,850	66,975	67,212	65,211
Total System Capacity Requirement (PRM)	53,482	52,872	52,683	52,544	52,329	52,087	51,843	51,516	51,240	51,067
Surplus Above PRM with CAISO Modifications	13,640	16,726	19,096	18,834	19,556	19,568	16,007	15,459	15,972	14,144
Surplus Above PRM with CPUC Assumptions	16,395	19,480	22,010	21,748	22,924	22,936	19,376	18,827	19,340	17,513
<i>Difference in Surplus between CPUC and CAISO</i>	<b>2,755</b>	<b>2,755</b>	<b>2,914</b>	<b>2,914</b>	<b>3,369</b>	<b>3,369</b>	<b>3,369</b>	<b>3,369</b>	<b>3,369</b>	<b>3,369</b>

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August 25, 2011

*Via Federal Express and Electronic Mail*

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550 Capitol St. NE #215  
P.O. Box 2148  
Salem OR 97308-2148

Re: In the Matter of PACIFICORP's 2011 Integrated Resource Plan.  
**Docket No. LC 52**

Dear Filing Center:

Enclosed please find the original and six (6) copies of the Opening Comments on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket.

Please return one file-stamped copy of the Opening Comments in the enclosed self-addressed, stamped envelope provided. Thank you for your assistance, and please do not hesitate to contact our office with any questions or concerns.

Sincerely yours,

/s/ Jacqueline E. Smith  
Jacqueline E. Smith

Enclosures

cc: Service List

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Opening Comments on behalf of the of the Industrial Customers of Northwest Utilities upon the parties, on the service list, by causing the same to be sent via electronic mail.

Dated at Portland, Oregon, this 25th day of August, 2011.

Sincerely yours,

/s/ Jacqueline E. Smith  
Jacqueline E. Smith

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