



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

October 23, 2014

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

Public Utility Commission of Oregon
3930 Fairview Industrial Dr. S.E.
Salem, OR 97302-1166

Attn: Filing Center

**RE: Docket LC 57—PacifiCorp's Response to Ruling Requiring Redesignation of
Workshop Presentation**

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) encloses for filing an original and one copy of the Company's response to ruling requiring redesignation of workshop presentation. Confidential information is provided in accordance with Protective Order 13-095.

If you have questions about this filing, please contact Natasha Siores, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6583.

Sincerely,

R. Bryce Dalley
Vice President, Regulation

Enclosure

cc: Service List—LC 57

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Response to Ruling Requiring Redesignation of Workshop Presentation on the parties listed below via electronic mail and/or Overnight Delivery in compliance with OAR 860-001-0180.

Oregon Docket LC 57

Kacia Brockman (W)(C)
Oregon Department of Energy
625 Marion St. NE
Salem, OR 97301
kacia.brockman@state.or.us

Philip H. Carver (W)
Oregon Department of Energy
625 Marion St. NE Ste 1
Salem, OR 97301
phil.carver@state.or.us

Renee M France (W)(C)
Oregon Department of Justice
1162 Court St NE
Salem, OR 97301-4096
Renee.m.france@doj.state.or.us

OPUC Dockets (W)
Citizens' Utility Board of Oregon
610 SW Broadway – Ste 400
Portland, OR 97205
dockets@oregoncub.org

Robert Jenks (W)(C)
Citizens' Utility Board of Oregon
610 SW Broadway – Ste 400
Portland, OR 97205
bob@oregoncub.org

G. Catriona McCracken (W)(C)
Citizens' Utility Board of Oregon
610 SW Broadway – Ste 400
Portland, OR 97205
catriona@oregoncub.org

Regulatory Dockets (W)
Idaho Power Company
PO Box 70
Boise, ID, 83707-0070
dockets@idahopower.com

Lisa D. Nordstrom (W)(C)
Idaho Power Company
PO Box 70
Boise, ID, 83707-0070
lnordstrom@idahopower.com

Wendy Gerlitz (W)(C)
NW Energy Coalition
1205 SE Flavel
Portland, OR 97202
wendy@nwenergy.org

Fred Heutte (W)(C)
NW Energy Coalition
1205 SE Flavel
Portland, OR 97202
fred@nwenergy.org

Ralph Cavanagh (W)
Natural Resources Defense Council
111 Sutter St. Floor 20
San Francisco, CA 94104
rcavanagh@nrdc.org

Angus Duncan (W)(C)
Natural Resources Defense Council
2373 NW Johnson St
Portland, OR 97210
angusduncan@b-e-f.org

Sarah Wallace (W) (C)
Pacific Power
825 NE Multnomah St, Suite 1800
Portland, OR 97232-2149
sarah.wallace@pacificorp.com

Patrick G Hager (W)
121 SW Salmon Street 1WTC0702
Portland, OR 97204
Pge.opuc.filings@pgn.com;
Patrick.hager@pgn.com

Juliet Johnson (W)(C)
Public Utility Commission of Oregon
PO Box 1088
Salem, OR 97308-1088

V. Denise Saunders (W)
Portland General Electric
121 SW Salmon Street 1WTC1301
Portland, OR 97204

Juliet.johnson@state.or.us

Jason W. Jones (W)(C)
Department of Justice
1162 Court St NE
Salem OR, 97301-4096
Jason.w.jones@state.or.us

Melinda J. Davison (W)(C)
Davison Van Cleve
333 SW Taylor, Suite 400
Portland, OR 97204
mjd@dvclaw.com

Jesse E. Cowell (W) (C)
Davison Van Cleve
333 SW Taylor St, Suite 400
Portland, OR 97204
jec@dvclaw.com

Oregon Dockets (W)
PacifiCorp, dba Pacific Power
825 NE Multnomah St. Suite 2000
Portland, OR 97232
oer gondockets@pacificcorp.com

RNP Dockets (W)
Renewable Northwest Project
421 SW 6th Avenue, #1125
Portland, OR 97204-1629
dockets@rnp.org

Derek Nelson (W) (C)
Sierra Club Environmental Law
85 Second Street, 2nd Floor
San Francisco, CA 94105
derek.nelson@sierraclub.org

Keith Kueny (W)
Community Action Partnership of Oregon
PO Box Salem, OR 97301
keith@caporegon.org

Denise.Saunders@pgn.com

Megan Walseth Decker (W)(C)
Renewable Northwest Project
421 SW 6th Avenue, #1125
Portland, OR 97204-1629
megan@rnp.org

Lisa F. Rackner (W)(C)
McDowell Rackner & Gibson PC
419 SW 11th Ave., Suite 400
Portland, OR 97205
dockets@mcd-law.com

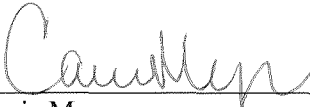
Tyler C. Pepple (W) (C)
Davison Van Cleve
333 SW Taylor, Suite 400
Portland, OR 97204
tcp@dvclaw.com

Dustin T. Till (W) (C)
Pacific Power
825 NE Multnomah St, Suite 1800
Portland, OR 97232
Dustin.Till@pacificcorp.com

Travis Ritchie (W) (C)
Sierra Club Environmental Law
85 Second Street, 2nd Floor
San Francisco, CA 94105
Travis.ritchie@sierraclub.org

Gloria Smith (W) (C)
Sierra Club Environmental Law
85 Second Street, 2nd Floor
San Francisco, CA 94105
gloria.smith@sierraclub.org

Dated this 23rd of October, 2014.



Carrie Meyer
Supervisor, Regulatory Operations

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 57

In the Matter of
PACIFICORP d/b/a PACIFIC POWER
2013 Integrated Resource Plan.

PACIFICORP'S RESPONSE TO
RULING REQUIRING
REDESIGNATION OF WORKSHOP
PRESENTATION

1 **I. INTRODUCTION**

2 PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) files this response to the
3 Administrative Law Judge (ALJ) ruling issued October 17, 2014, requiring PacifiCorp to
4 update the confidential written presentation provided at a confidential Public Utility
5 Commission of Oregon (Commission) workshop on August 6, 2014. Specifically, the ruling
6 requires PacifiCorp “to file an updated version of its August 6 PowerPoint presentation that
7 designates as confidential only those portions of the presentation that the company contends
8 constitute confidential information under our rules, with an explanation of the basis for each
9 claim of confidentiality.”

10 Included as Confidential Attachment A is an updated version of the confidential
11 written workshop presentation that identifies the confidential information. An explanation of
12 the basis for the claim of confidentiality is set forth below.

13 **II. BACKGROUND**

14 In compliance with the Commission’s final order in this docket, issued July 8, 2014,
15 the Commission held a confidential technical workshop on August 6, 2014 to review
16 PacifiCorp’s analysis of certain planned emissions control equipment investments at the

1 Craig and Hayden coal-fired generating plants.¹ The final order specifically notes that the
2 workshop will be confidential.² On July 30, 2014, the Chief Administrative Law Judge
3 issued a memorandum confirming the confidentiality of the technical workshop to govern the
4 confidential information to be addressed at the workshop (the “July 30 Memorandum”).³

5 At the beginning of the workshop, PacifiCorp provided hard copies of a PowerPoint
6 presentation that were marked as confidential under the protective order in this docket, Order
7 No. 13-095. To allow for open discussions among the workshop participants, the workshop
8 materials (written and oral) were designated as confidential consistent with the July 30
9 Memorandum. Until the ALJ’s October 17 ruling, PacifiCorp did not file an update to the
10 written and oral materials to narrow the scope of the designation for three reasons: (1) no
11 party requested that PacifiCorp narrow the scope of the designation;⁴ (2) a final order has
12 been issued in this docket and there are no further proceedings related to Craig and Hayden;
13 and (3) there is an active investigation of a breach of the protective order related to the
14 workshop materials.

15 III. LEGAL STANDARD

16 The Commission’s general protective order is “specifically tailored to safeguard
17 confidential commercial information from unauthorized disclosure.”⁵ Under the terms of the
18 Commission’s general protective order, “a party may designate information that it reasonably

¹ Order No. 14-252 at 10 (Jul. 8, 2014) (the Commission adopted Staff’s recommendation to hold a “confidential technical workshop to review existing analysis on planned Craig and Hayden environmental investments” within three months of the issuance of the order).

² *Id.*

³ Memorandum at 1 (Jul. 30, 2014).

⁴ In both its informal and formal challenges, Sierra Club did not ask that PacifiCorp review its confidentiality designation. In fact, Sierra Club did not even refer to the materials actually designated as confidential by PacifiCorp until its reply brief in support of the motion challenging the designation; instead, Sierra Club repeatedly challenged PacifiCorp’s “designation” of the Wyoming data requests as confidential.

⁵ *In re: Qwest Corp.*, Docket No. UM 1205, Order No. 03-533 (Aug. 28, 2003).

1 believes falls within the scope of ORCP 36(C)(7) or is exempt from public disclosure under
2 the Public Records Law.”⁶ ORCP 36(C)(7) limits disclosure of “a protected trade secret or
3 other confidential research, development, or commercial information.”

4 **IV. BASIS FOR CLAIM OF CONFIDENTIALITY**

5 In PacifiCorp’s initial response to Sierra Club’s motion challenging the
6 confidentiality designation, filed September 5, 2014, PacifiCorp broadly explained the basis
7 for the designation of the workshop materials as confidential. PacifiCorp incorporates that
8 explanation by reference here. Below, PacifiCorp more specifically addresses the
9 information designated as confidential in the revised written presentation included as
10 Confidential Attachment A.

11 On slides 4, 7, 10, and 13 of the Confidential Attachment A, the company includes
12 estimates of its anticipated environmental compliance costs at the Hayden and Craig
13 generating plants and results of the company’s economic analysis of certain environmental
14 investments. These estimates and analytical results are the result of the company’s research
15 and internal analysis, and this information is confidential because disclosure would harm
16 PacifiCorp and its customers by placing PacifiCorp and the other plant owners at a
17 competitive disadvantage. For example, PacifiCorp and the other plant owners could be
18 disadvantaged in contract negotiations with third-party contractors to build and install any
19 equipment necessary to meet environmental mandates if PacifiCorp’s expected cost of
20 compliance is disclosed. In addition, PacifiCorp issued a request for expressions of interest
21 (REI) in the sale of its interest in the Craig and Hayden plants. Disclosure of PacifiCorp’s
22 compliance cost assumptions and the results of its economic analysis would compromise

⁶ See OAR 860-001-0080(2)(b). See also Order No. 13-095 at 1.

1 PacifiCorp's negotiating position if a potential buyer expresses interest. Although the REI is
2 public information, confidential information provided on page 16 is related to [REDACTED]
3 [REDACTED]
4 [REDACTED].

5 It is also important to recognize that the emissions control requirements at the Craig
6 generating unit have been the subject of active civil litigation that only recently resulted in a
7 settlement. Given this litigation, as well as potential litigation regarding emissions control
8 requirements at the Hayden facility, PacifiCorp conducted its economic analyses at the
9 direction of counsel and in preparation for litigation. Although the information is still
10 considered extremely commercially sensitive, PacifiCorp waived the protections of the
11 attorney-work-product doctrine and attorney-client privilege to provide the economic
12 analyses to its regulatory commissions. The analyses, however, are clearly still protected as
13 trade secrets or confidential research and commercial information. Disclosing PacifiCorp's
14 confidential, internal economic analyses could potentially weaken the Company's litigation
15 position, to its customers' detriment.

16 On slides 4, 5, 8, 10, and 11, the company discusses the terms of its coal contracts or
17 participation agreements related to the Craig and Hayden generating plants. The terms of
18 these agreements and contracts are confidential and commercially sensitive because
19 disclosure of contract terms that the Company previously agreed to would undermine
20 PacifiCorp's ability to negotiate different terms in future contracts. This could in turn result
21 in higher costs and less favorable contract terms in the future, to the detriment of PacifiCorp
22 and its customers.

1 Slides 5, 8, and 11 also contain PacifiCorp’s legal analysis of certain terms of the
2 participation agreements and coal contracts. These analyses were used in developing certain
3 assumptions included in the Company’s economic analysis and to determine PacifiCorp’s
4 course of action in discussions with the co-owners of the Craig and Hayden facilities
5 regarding the emission control investments. The legal analyses were prepared by an attorney
6 and were protected by the attorney-client privilege. As with the economic analyses,
7 PacifiCorp waived the protections of the privilege so the analysis could be shared with
8 regulatory commissions, but the legal analyses are still protected as trade secrets or
9 confidential research and commercial information.

10 It is critical that the confidentiality of PacifiCorp’s economic and legal analyses be
11 maintained given PacifiCorp’s obligations to the co-owners of the Craig plant. Because there
12 is active litigation regarding Craig and ongoing discussions related to regional haze
13 compliance obligations with federal and state agencies, PacifiCorp and the other owners of
14 the Craig facilities have entered into an agreement protecting discussions among the owners
15 as confidential.

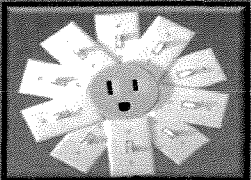
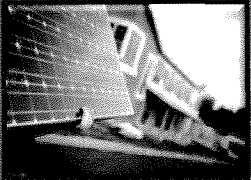
16 **V. CONCLUSION**

17 Because the information designated as confidential in Confidential Attachment A
18 qualifies as “a protected trade secret or other confidential research, development, or
19 commercial information,” PacifiCorp respectfully requests that the Commission continue to
20 protect the information as confidential under the protective order in this case.

Respectfully submitted this 23rd day of October, 2014.

By: 
Sarah K. Wallace
Assistant General Counsel

Confidential Attachment A



Confidential Technical Workshop

**Review of Existing Analysis on Craig
and Hayden Environmental
Investments**

August 6, 2014

 **PACIFICORP** Rocky Mountain Power
Pacific Power
PacifiCorp Energy

Agenda

- Commission Order: 2013 IRP Action Item 8e
 - “Within three months of the order in this proceeding, PacifiCorp will schedule and hold a confidential technical workshop to review existing analysis on planned Craig and Hayden environmental investments.”
- Hayden 1 & 2
 - Participation Agreement
 - Hayden 1 SCR Analysis
- Craig 1 & 2
 - Participation Agreement
 - Craig 2 SCR Analysis
- Craig/Hayden Request for Expressions of Interest

Introduction to Hayden

Units 1 & 2

Introduction: Hayden I & 2

- Net dependable capacity of Hayden I and 2 = 184 MW (PacifiCorp's 24.5% share = 45.1 MW) and 262 MW (PacifiCorp's 12.6% share = 33.0 MW), respectively
- PSCo operates & owns 75.5% (138.9 MW) of Hayden I
- PSCo operates & owns 37.4% (98.0 MW) of Hayden 2; SRP owns remaining 50% (131 MW)
- Hayden I SCR by December 31, 2015
 - PacifiCorp's share of cost inclusive of AFUDC = [REDACTED]
- Hayden 2 SCR by December 31, 2016
 - PacifiCorp's share of cost inclusive of AFUDC = [REDACTED]
- Currently approved depreciable life
 - 2023 (Oregon)
 - 2030 (All other states)
- Coal contract
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

Participation Agreement: Hayden

- Colorado state implementation plan (SIP), approved by EPA, requires SCR at Hayden 1 & 2
- SCR required by Colorado law under Clean Air Clean Jobs
- Colorado Public Service Commission found SCR to be reasonable and prudent through PSCo CPCN application
- As a minority owner, PacifiCorp has carefully reviewed its legal options regarding installation of SCR at Hayden 1 & 2
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Hayden Unit I SCR Analysis

PVRR(d) Analysis: Hayden I

- Environmental compliance costs beyond SCR
 - Cooling water intake = [REDACTED]
 - Coal combustion residuals = [REDACTED]

- PVRR(d) Analysis (November 2012 Vintage) from System Optimizer
 - Installation of SCR vs. year-end 2015 early retirement
 - Base case natural gas/CO₂ prices
 - Three natural gas/CO₂ price scenarios

Description	2013 – 2032 Nominal Levelized Price at Henry Hub (\$/MMBtu)	CO ₂ Prices
Base Case (June 2012 OFPC)	\$5.91	\$16.00/ton in 2022, rising to \$25.86/ton in 2032
High Gas, Base CO ₂	\$8.33	\$16.00/ton in 2022, rising to \$25.86/ton in 2032
Base Gas, Zero CO ₂	\$5.38	No CO ₂ Prices
Base Gas, High CO ₂	\$6.49	\$13.53/ton in 2020, rising to \$74.99/ton in 2032

PVRR(d) Results: Hayden I

	PVRR(d) (Benefit)/Cost of Hayden Unit I SCR Investment (\$m)	PVRR(d) (Benefit)/Cost of Hayden Unit I SCR Investment (\$m)
Base Case (June 2012 OFPC)	[REDACTED]	[REDACTED]
High Gas, Base CO ₂	[REDACTED]	[REDACTED]
Base Gas, Zero CO ₂	[REDACTED]	[REDACTED]
Base Gas, High CO ₂	[REDACTED]	[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Introduction to Craig Units 1 & 2

Introduction: Craig 1 & 2

- Net dependable capacity of Craig 1 & 2 = 435 MW and 428 MW, respectively (PacifiCorp's 19.28% share = 83.9 MW & 82.5 MW, respectively)
- Tri-state Generation & Transmission operates & owns 24% (Salt River Project owns 29.0%; Platte River Authority owns 18.0%; and PSCo owns 9.72%)
- SCR on Craig 2 by December 31, 2017 (installed in 2016), LNB on Craig 1 in 2017*
 - PacifiCorp's share of Craig 2 SCR cost inclusive of AFUDC = [REDACTED]
 - PacifiCorp's share of Craig 1 LNB cost inclusive of AFUDC = [REDACTED]
- Currently approved depreciable life
 - 2026 (Oregon)
 - 2034 (All other states)
- Coal contracts
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

*When the Craig analysis was performed, Tri-state was planning to complete the Craig 2 SCR installation in 2016 and the Craig 1 LNB in 2017. Tri-state has since updated its plans, and will install the Craig 2 SCR in 2017. Most recently, it is expected that SCR will be required on Craig 1 by August 2021. 10

Participation Agreement: Craig

- Colorado state implementation plan (SIP), approved by EPA, requires Craig 2 SCR
- Environmental compliance installations required at Craig are not required under Colorado's Clear Air Clean Jobs Act
- The Colorado Public Service Commission does not have regulatory authority over Tri-State as the operator of the Craig facility
- Tri-state is moving forward with the Craig 2 SCR installation (currently scheduled to come online in 2017) in accordance with the Colorado SIP.
- As a minority owner, PacifiCorp has carefully reviewed its legal options regarding installation of SCR at Craig 2

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

The settlement contemplates Colorado revising its SIP to require installation of SCR at Unit 1. Public comment will be received before the SIP revision occurs and before EPA will consider approving the SIP revision.

Craig Unit 1 and 2 NO_x Control Analysis

PVRR(d) Analysis: Craig 1 & 2

- Environmental compliance costs beyond SCR & LNB
 - Cooling water intake = [REDACTED]
 - Coal combustion residuals = [REDACTED]

- PVRR(d) Analysis (July 2013 Vintage) from System Optimizer
 - Installation of SCR at Craig 2 vs. year-end 2017 early retirement of Craig 2 (LNB installation made at Craig 1 in both runs)
 - Installation of LNB and SCR at Craig 1 and 2, respectively vs. year-end 2017 early retirement of both units
 - Base case natural gas/CO₂ prices

Description	2013 – 2032 Nominal Levelized Price at Henry Hub (\$/MMBtu)	CO ₂ Prices
Base Case (March 2013 OFPC)	\$5.73	\$16.00/ton in 2022, rising to \$25.69/ton in 2032

PVRR(d) Results: Craig I & 2


	PVRR(d) (Benefit)/Cost of the NO _x Investment(s)
Craig 2 2017 Retirement	[REDACTED]
Craig 1 & 2 2017 Retirement	[REDACTED]

- [REDACTED]

- [REDACTED]

Request for Expressions of Interest

Request for Expressions of Interest (REI)

- 
- PacifiCorp formally issued an REI for a potential sale of its ownership interest in the Craig/Hayden generating assets and its ownership interest in Trapper mine on March 14, 2014
- The REI was sent to over 30 entities including the current owners
- Expressions of interest were due April 30, 2014
- PacifiCorp did not receive any expressions of interest through the REI