

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UM 1129

4 In the Matter of

5 PUBLIC UTILITY COMMISSION OF
6 OREGON

7 Staff's Investigation Relating to Electric
Utility Purchases From Qualifying Facilities.

STAFF'S REPLY TO PETITIONERS' MOTION
TO COMMENCE SUPPLEMENTARY
PROCEEDING TO REVIEW AVOIDED COST
RATES

8 Staff of the Public Utility Commission (staff) replies to Sherman County Court's and J.R.
9 Simplot Company's (together "Petitioners") motion to commence a supplementary proceeding to
10 review avoided cost rates contained in compliance filings made by Idaho Power Company (Idaho
11 Power), PacifiCorp d/b/a PacifiCorp Power & Light (PacifiCorp) and Portland General Electric
12 Company (PGE).

13 Petitioners state in support of their motion that Order No. 05-584 allows a party to ask the
14 Commission to require a utility to review (i.e. update) its avoided cost rates between the normal
15 filing interval. *See* Commission Order No. 05-584 at 29. Petitioners state that "it is now
16 appropriate to review avoided cost rates due to the dramatic and sustained increase in natural gas
17 prices since the utility compliance filings were made. It has been nineteen months since the
18 current rates were set." Petitioners' Motion at 2.

19 PacifiCorp has filed its response in opposition to the motion. PacifiCorp states that it
20 anticipates filing updated avoided costs studies approximately two months from now. As such,
21 PacifiCorp does not believe conducting the supplementary proceeding would be useful.
22 PacifiCorp Response at 2.

23 Idaho Power has also filed its response in opposition to the motion, for reasons similar to
24 PacifiCorp's. Idaho Power also notes that, should the Commission open a supplementary avoid
25 cost proceeding, it should not be limited to only one component of avoided costs (i.e. natural gas
26 prices).

1 Staff, while sympathetic to Petitioners' request, opposes it. Staff's understanding is that
2 Idaho Power, PacifiCorp and PGE will each file their updated avoided costs studies by July or
3 so. Idaho Power's proposed timeframe for filing is different from PGE and PacifiCorp in that it
4 is awaiting a Commission decision on its Integrated Resource Plan (IRP) filing.¹ But Idaho
5 Power states it expects the Commission's decision on its IRP to be issued in time to allow its
6 filing to occur this summer. *See, e.g.*, OAR 860-029-0080(3). As such, while staff does not
7 want to discourage motions such as Petitioners make here, the timing is such that granting it
8 would not accelerate the avoided cost filings in a meaningful way.

9 Should the Commission nevertheless decide to grant Petitioners' request, staff supports
10 Idaho Power's observation that the review should not be limited to only the gas price component
11 of the avoided costs.

12 DATED this 16th day of May 2007.

13 Respectfully submitted,

14 HARDY MYERS
15 Attorney General

16
17 /s/Michael T. Weirich
18 Michael T. Weirich, #82425
19 Assistant Attorney General
20 Of Attorneys for the Public Utility Commission
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22

23 ¹ Staff observes there is an issue surrounding the time for Idaho Power to submit its next avoided cost
24 filing. On the one hand, the filing is due in July, as is PGE's and PacifiCorp's. *See* Order No. 05-584 at
25 29 (continuing the two-year filing cycle for avoided cost filings). On the other hand, OAR 860-029-
26 0080(3) sets a different schedule, based upon Commission acknowledgement of Idaho Power's IRP.
Idaho Power should file a petition with the Commission, separate and apart from the present matter, to
clarify when its avoided cost filing is due.

1 **CERTIFICATE OF SERVICE**

2
3 I certify that on May 16, 2007, I served the foregoing upon all parties of record in this
4 proceeding by delivering a copy by electronic mail and by mailing a copy by postage prepaid
5 first class mail or by hand delivery/shuttle mail to the parties accepting paper service.

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