

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1610**

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON

Investigation into Qualifying Facility  
Contracting and Pricing.

STAFF STATUS REPORT

In Order No. 14-058, the Commission directed Staff and utilities to work with parties to resolve how to assign third-party costs for transmission to transmit the output of qualifying facility (QF)'s from a load pocket to the utility's system. The Commission directed Staff to file a status report within three calendar months as to whether the parties have been able to reach agreement on this issue and if not, recommending an alternative process.

Staff filed a status report on August 12, 2016, reporting that the parties had not been able to come to agreement on the merits of the dispute and needed additional time for discovery before coming to agreement to determine whether any process before the Commission must allow for litigation of factual questions or not. In a Ruling issued on September 1, 2016, the Administrative Law Judge (ALJ) directed Staff to file another status report no later than October 12, 2016.

Subsequently, the Renewable Energy Coalition (REC) filed a motion to compel discovery from PacifiCorp. In its reply to PacifiCorp's opposition to the motion, REC acknowledges that the Commission has previously decided that costs for third-party transmission costs should be borne by the QF, but asserts that "[i]n order to know how to assign third-party transmission costs, the parties must first understand what types of third-party transmission costs should be purchased."<sup>1</sup>

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<sup>1</sup> Reply to PacifiCorp's Response to Renewable Energy Coalition's Motion to Compel Phase II – Load Pockets 1 (emphasis in original).

1 In a Ruling issued October 10, 2016, the ALJ directed Staff to report in its October 12,  
2 2016 status report on whether parties had expanded the scope of the proceeding beyond  
3 determining a methodology to calculate and assign third-party transmission costs.

#### 4 **Scope of Proceeding**

5 Based on its understanding of the discovery at issue, Staff does not think the scope of the  
6 remaining investigation into third-party transmission costs has been expanded. How costs for  
7 third-party transmission are allocated to a QF could turn in part on how PacifiCorp pays for the  
8 transmission. For example, PacifiCorp represents that its only option to transmit QF generation  
9 from a load pocket is to purchase point-to-point transmission from Bonneville Power  
10 Administration (BPA). PacifiCorp asserts that it can only purchase point-to-point transmission  
11 in five-year increments. Assuming this is the case, costs for third-party transmission could  
12 theoretically be forecasted for the entire contract period and either deducted from avoided cost  
13 prices or billed to the QF directly. Alternatively, the transmission costs theoretically could be re-  
14 calculated every five years in connection with PacifiCorp's decision to enter into a new five-year  
15 contract.<sup>2</sup>

16 However, if there are other transmission options available to PacifiCorp, the second  
17 methodology for allocating costs of point-to-point transmission mentioned above may not work  
18 for those options. Accordingly, REC and other parties are attempting to ascertain what  
19 transmission options are in fact available to PacifiCorp.

20 PacifiCorp's frustration with REC's requests for discovery appears to be based, at least in  
21 part, on PacifiCorp's belief that there is no factual issue as to what transmission options are  
22 actually available to PacifiCorp and that further discovery on this issue is pointless.  
23 PacifiCorp's assertion regarding the limited transmission options may prove to be the case, but  
24 Staff is unable to report at this time on whether it is true.

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26 <sup>2</sup> These examples are illustrative, and only for purposes of clarifying Staff's position on the  
scope of the proceeding.

1 Determining PacifiCorp's costs to transmit QF generation from a load pocket is an  
2 appropriate issue for an avoided cost proceeding rather than this investigation into methodology.  
3 However, Staff agrees with REC's assertion that it is not necessarily possible to determine what  
4 methodological options there are for allocating transmission costs if parties and the Commission  
5 are unclear as to how and when PacifiCorp incurs them. While the Commission could simply  
6 require PacifiCorp to use a forecast of its transmission costs for the term of the PURPA contract,  
7 which could apply to any type of transmission cost, not all the parties support this methodology  
8 for calculating third-party transmission costs. And, in order to determine what other options may  
9 exist for calculating and assigning third-party transmission costs, additional discovery to clarify  
10 PacifiCorp's options for transmission service appears to be necessary.

11 **Staff recommendation regarding next steps.**

12 Staff has not conferred with parties regarding next steps. As reported in its August 12,  
13 2016 status report, parties were unable to come to agreement regarding the  
14 appropriate process to submit this issue to the Commission. Staff has no reason to think  
15 that parties are any closer to agreement on process. Accordingly, Staff recommends that the ALJ  
16 set a date for a prehearing conference to establish a procedural schedule.

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18 DATED this 12<sup>th</sup> day of October 2016.

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Respectfully submitted,

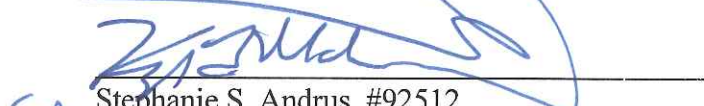
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