

December 15, 2009

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

Oregon Public Utility Commission  
5500 Capitol Street NE, Ste 215  
Salem, OR 97301-2551

Attn: Filing Center

**RE: Docket UM 1442 – Joint Brief of PacifiCorp and Oregon Commission Staff**

Enclosed for filing on behalf of PacifiCorp d/b/a Pacific Power (“Company”) and Oregon Commission Staff is an original and five (5) copies of the Joint Brief in the above-referenced matter. A copy of this filing has been served on all parties in this proceeding, as indicated on the attached certificate of service.

Please direct any informal inquiries to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Sincerely,



Andrea L. Kelly  
Vice President, Regulation

Enclosures

cc: Service List – UM 1442

## CERTIFICATE OF SERVICE

I hereby certify that on this 15<sup>th</sup> of December, 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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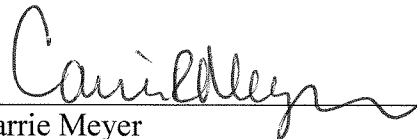
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Carrie Meyer  
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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1442**

Investigation to determine if PACIFIC  
POWER's rate revision has been  
consistent with the methodologies and  
calculations required by Order No. 05-584

**JOINT PARTIES' BRIEF**

1 Pursuant to Chief Administrative Law Judge ("ALJ") Michael Grant's Prehearing  
2 Conference Memorandum, dated September 17, 2009, PacifiCorp d/b/a Pacific Power  
3 ("PacifiCorp" or "Company") and Staff of the Public Utility Commission of Oregon  
4 ("Staff") (collectively, "Joint Parties") submit this Brief to the Public Utility  
5 Commission of Oregon ("Commission").

6 **I. Introduction and Background**

7 On January 20, 2004, the Commission opened Docket UM 1129 to investigate  
8 matters related to electric utility purchases from qualifying facilities ("QFs") under the  
9 Public Utility Regulatory Policies Act ("PURPA"). On May 13, 2005, the Commission  
10 issued Order No. 05-584 resolving issues related to the standard contract terms and  
11 conditions for QFs, including issues regarding the calculation of avoided cost rates. *See*  
12 Order No. 05-584 at 27-28. In that Order, the Commission adopted the historic  
13 methodology utilized by PacifiCorp to determine avoided cost rates. Under that  
14 methodology, PacifiCorp's avoided costs are to reflect the variable and fixed costs of a  
15 combined cycle combustion turbine ("CCCT") when the Company is in a resource  
16 deficient period. When PacifiCorp is in a resource sufficient position, avoided costs are  
17 to be valued at monthly on- and off-peak forward market prices as of the avoided cost  
18 filing. *See* Order No. 05-584 at 27-28.

1 Pursuant to the Commission’s directive in Order No. 05-584 and in compliance  
2 with OAR 860-029-0080(8), PacifiCorp filed Advice No. 09-012 on July 9, 2009,  
3 revising standard rates in Schedule 37 for avoided cost purchases from Qualifying  
4 Facilities of 10,000 kW or less (“Filing”). At its public meeting on August 25, 2009, the  
5 Commission directed that the present investigation be opened to determine whether the  
6 avoided cost rates filed by PacifiCorp are consistent with the methodologies and  
7 calculations required by Order No. 05-584.

8 On September 17, 2009 Chief ALJ Michael Grant issued a Prehearing Conference  
9 Memorandum setting forth a schedule and indicating that the scope of this proceeding  
10 was limited to the determination of whether PacifiCorp’s Filing is consistent with the  
11 methodologies and calculations required by Order No. 05-584. Pursuant to the schedule  
12 and scope provided in the Prehearing Conference Memorandum, PacifiCorp filed  
13 Opening Testimony on September 29, 2009.

14 On October 6, 2008, the Industrial Customers of Northwest Utilities (“ICNU”),  
15 Biomass One, Co-Gen II LLC, the Community Renewable Energy Association, and  
16 Renewable Energy Association (collectively, the “Joint Applicants”) filed an  
17 Application for Reconsideration or Clarification regarding the scope and schedule of  
18 this investigation (“Application”). Joint Applicants contended that the scope of this  
19 investigation was too limiting and argued that that the Commission must allow a full  
20 exploration of all issues related to PacifiCorp’s Filing, including a complete review of  
21 the methodology used to calculate the avoided costs.

1           The Commission denied the Application on October 28, 2009 and affirmed the  
2           scope of this investigation as being limited to whether PacifiCorp's Filing is consistent  
3           with the methodologies adopted in Order 05-584. *See* Order No. 09-427 at 4.

## 4           **II.     Argument**

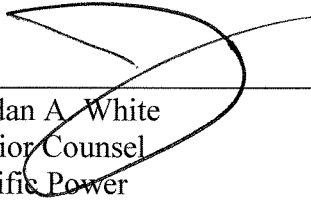
5           In its Opening Testimony, PacifiCorp explained how it had utilized the  
6           methodology for calculating avoided costs as set forth in Commission Order No. 05-584  
7           to determine avoided costs for the Filing. PPL/100, Shu/6. On November 3, 2009, Staff  
8           filed Opening Testimony concluding that PacifiCorp followed the methodology required  
9           by Order No. 05-584 and had accurately calculated its avoided costs based on that  
10          methodology. Staff/100, Durrenberger/4. Staff also concluded that the prices used to  
11          calculate the avoided costs appear reasonable and consistent with price estimates from  
12          other sources that were available at the time of PacifiCorp's filing. *Id.*

13          ICNU also filed Opening Testimony on November 3, 2009, indicating that it was  
14          not sponsoring an alternative avoided cost rate for PacifiCorp nor had it reviewed the  
15          accuracy or reasonableness of PacifiCorp's avoided cost inputs. ICNU/100,  
16          Falkenberg/2.

## 17          **III.    Conclusion**

18          Because no party has raised any substantive issues with respect to the limited  
19          question of this proceeding, the Joint Parties respectfully request that the Commission  
20          approve the Filing as filed.

DATED: December 15, 2009.



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