

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1129

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION OF)	PREHEARING CONFERENCE
OREGON)	MEMORANDUM
)	
Staff's Investigation Relating to Electric)	
Utility Purchases From Qualifying Facilities.)	

On June 18, 2004, a prehearing conference was held in Salem, Oregon. The purpose of the prehearing conference was to finalize the full procedural schedule for the docket and to address any other issues raised by parties.

Appearances were entered as follows: Stephanie Andrus, attorney, appeared on behalf of Commission Staff, Lisa Schwartz participated by telephone on behalf of Staff; Katherine McDowell, attorney, appeared on behalf of PacifiCorp; Douglas Kuns and J. Richard George, attorneys, appeared on behalf of Portland General Electric Company (PGE); Bart Kline, attorney, appeared on behalf of Idaho Power Company; Irion Sanger, attorney, appeared on behalf of the Industrial Customers of Northwest Utilities (ICNU); Carel Dewinkel appeared on behalf of the Oregon Department of Energy; Peter J. Richardson appeared on behalf of Sherman County Court and the J. R. Simplot Company; Paul R. Woodin also appeared on behalf of Sherman County Court; and Linda Williams participated by telephone on behalf of the Fair Rate Coalition.

Procedural Schedule

The parties reached consensus on a procedure and timeline for proceeding with the docket. The parties indicated availability to participate in a hearing anytime during the week of October 25, 2004. Based on availability of the main hearing room, the hearing is set for October 27, 2004, beginning at 9:30 a.m. in order to accommodate out-of-state participants. I have reserved the main hearing room through October 29, 2004, however, to allow for a multiple-day hearing, if necessary. In order to better plan for the hearing schedule, I have added a date to the schedule for parties to file statements setting forth cross-examination plans and raising any procedural issues that may be addressed prior to hearing. Such statements should identify each witness to be cross-examined, include a short description of the subject matter of the cross-examination for

each witness, indicate the amount of time anticipated to complete cross-examination for each witness, and identify procedural issues requiring attention. To facilitate addressing any issues raised, I have also added a date for prehearing conference, which may be cancelled if not needed. The future procedural schedule for this docket shall be as follows:

Staff and intervenors file direct testimony	August 3, 2004
Settlement conference	August 25, 2004 at 9:30 a.m.
Electric companies file rebuttal testimony	September 17, 2004
Staff and intervenors file surrebuttal testimony	October 14, 2004
All parties file statement of intent to cross-examine witnesses	October 18, 2004
Prehearing conference	October 20, 2004
Hearing	October 27, 2004 (may be continued through October 29, 2004)
Briefing schedule	TBD at hearing

The dates for filing are considered “in hand” dates. Parties agreed to serve courtesy electronic copies of filings upon other parties.

Issues List

Parties agreed that all testimony should address the first six issues for investigation identified in the Staff Report prepared for the January 20, 2004 Public Meeting, with one modification. Parties agreed to remove the last sentence from issue number five. For the convenience of the parties, the six issues, as modified, are set forth in Appendix A.

Dated this 21st day of June, 2004, at Salem, Oregon.

Traci A. G. Kirkpatrick
Administrative Law Judge

Appendix A: Issues for Investigation

All testimony should address the following issues:

1. Contract length and price structure: What is the appropriate contract length which is consistent with the Federal PURPA law standards and which will balance the interests of the QF developers and the utility's customers? Current practice is a five-year term. What is the appropriate pricing structure (e.g., prices that vary by year, prices that are levelized over the contract term) and should the Commission specify that structure? Current practice varies by utility, size of customer, and date of agreement.
2. Size threshold for standard rates: What size facilities should be eligible for standard purchase rates and a standard power purchase agreement which is consistent with the Federal PURPA law standards and which will balance the interests of the QF developers and the utility's customers. The current threshold is one MW.
3. Utility tariff content: What prices, terms and conditions should be included in utility tariffs? How should the Commission ensure that all terms and conditions it approves in the avoided cost filings are publicly available? Current practice is to include only basic pricing, terms and conditions in the tariff for small qualifying facilities (1 MW or less). The other avoided cost information approved by the Commission is contained in the utility's filing.
4. Avoided cost calculation methods: What is the appropriate method for calculating avoided costs? Current practice is to use (1) the variable costs of operating existing generating facilities until projected supply deficits occur and (2) when new resources are needed, their estimated capacity and energy costs.
5. Applicability of Oregon PURPA administrative rules: Since federal PURPA still applies to all electric companies and the Commission is responsible for its implementation, what is the practical effect of the 757.612 exemption for PGE and Pacific? The administrative rules need further review to differentiate the rules that implement federal PURPA from the rules that were specific to Oregon PURPA law.
6. Dispute mediation: What should be the Commission and staff roles in mediating or litigating PURPA-related disputes? Current practice is described above.