



# Oregon

Theodore R. Kulongoski, Governor

## Public Utility Commission

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August 13, 2008

OREGON PUBLIC UTILITY COMMISSION  
ATTENTION: FILING CENTER  
PO BOX 2148  
SALEM OR 97308-2148

RE: **Docket No. UE 199** – In the Matter of PACIFICORP, dba PACIFIC POWER  
**2009 Transition Adjustment Mechanism Schedule 200, Cost-Based Supply  
Service.**

Enclosed for electronic filing in the above-captioned docket is the Public Utility  
Commission Staff's SurrebuttalTestimony.

*/s/ Kay Barnes*

Kay Barnes

Regulatory Operations Division

Filing on Behalf of Public Utility Commission Staff

(503) 378-5763

Email: Kay.barnes@state.or.us

c: UE 199 Service List (parties)

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**PUBLIC UTILITY COMMISSION  
OF OREGON**

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**UE 199**

**STAFF SURREBUTTAL TESTIMONY OF**

**Kelcey Brown  
Lisa Schwartz**

**In the Matter of  
PACIFICORP, dba PACIFIC POWER  
2009 Transition Adjustment Mechanism  
Schedule 200, Cost-Based Supply Service.**

**REDACTED  
August 13, 2008**

**CERTAIN INFORMATION CONTAINED IN STAFF EXHIBIT 600  
AND EXHIBIT 604 ARE CONFIDENTIAL AND SUBJECT TO  
PROTECTIVE ORDER NO. 08-189. YOU MUST HAVE SIGNED  
APPENDIX B OF THE PROTECTIVE ORDER IN  
DOCKET UE 199 TO RECEIVE THE  
CONFIDENTIAL VERSION  
OF THIS EXHIBIT.**

CASE: UE 199  
WITNESS: Kelcey Brown

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 500**

**SURREBUTTAL TESTIMONY**

**August 13, 2008**

1 Q. PLEASE STATE YOUR NAME.

2 A. My name is Kelcey Brown.

3 Q. ARE YOU THE SAME KELCEY BROWN THAT FILED REPLY  
4 TESTIMONY IN THIS PROCEEDING?

5 A. Yes.

6 Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

7 A. The purpose of this testimony is to respond to PacifiCorp's rebuttal  
8 testimony filed on July 25, 2008, associated with the joint issues in docket  
9 UE 200, of the Rolling Hills and Glenrock wind facility capacity factor  
10 adjustments. In addition, I will address the Company's proposed inclusion  
11 of the two new wind facilities, Glenrock III and Seven Mile II.

12

13 Rolling Hills Capacity Adjustment

14 Q. DOES STAFF CONTINUE TO SUPPORT ITS MONETARY  
15 ADJUSTMENT ASSOCIATED WITH THE ROLLING HILLS WIND  
16 FACILITY?

17 A. Yes. As justified and discussed further in Staff witness Schwartz  
18 Surrebuttal testimony (Staff/600), Staff continues to support the Rolling  
19 Hills capacity factor adjustment associated with the finding that the  
20 resource was imprudently acquired. This monetary adjustment, taking into  
21 account PacifiCorp's updated GRID model, is a reduction of \$1,707,878  
22 on an Oregon allocated basis with an increase of 60,801 MWh from the  
23 facility.

1 Q. PLEASE DISCUSS PACIFICORP'S REPLY TESTIMONY BY MR. MARK  
2 TALLMAN WITH RESPECT TO THE MONETARY ADJUSTMENT FOR  
3 THE ROLLING HILLS WIND FACILITY.

4 A. Mr. Tallman presented figures within his testimony that give an incorrect  
5 impression to the Commission that Staff's proposal would disallow an  
6 exorbitant amount of costs over the life of the project. Mr. Tallman states  
7 his question within his Rebuttal testimony, PPL/400, Tallman/11, lines 10-  
8 12, as "... what is the true magnitude of Staff's proposed disallowance?"  
9 response, Mr. Tallman calculated a figure of a "\$115 million net power  
10 cost disallowance" (See PPL/400, Tallman/11, lines 13-15), which implies  
11 that this value is in present value terms. In fact, this is a nominal figure  
12 (the total of year 1 through year 25) and on a discounted present value  
13 basis is \$44.8 million (as shown in PacifiCorp work papers for Mr.  
14 Tallman's testimony<sup>1</sup>), approximately the same number that Staff is  
15 recommending to the Commission within UE 200 as an alternative  
16 adjustment associated with this facility. PacifiCorp has presented its  
17 "staggering" number nominally, incorrectly suggesting that Staff's  
18 adjustment is far larger than we have discussed. This is not a relevant or  
19 appropriate comparison to the adjustment that Staff has proposed.

20 Q. HAS PACIFICORP PRESENTED ANY DISCOUNTED PRESENT  
21 VALUES WITHIN MR. TALLMAN'S TESTIMONY?

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<sup>1</sup> For Mr. Tallman's work papers please see Exhibit Staff/501, Brown/1

1 A. No. PacifiCorp has erroneously included all nominal values, which  
2 portrays Staff's adjustments as having greater impacts than discussed  
3 within Staff's testimony.

4 The lease payment stream that Mr. Tallman refers to (See corrected  
5 PPL/400, Tallman/10, lines 11-13) overstates his estimation of avoided  
6 costs associated with third party leasing of \$12.2 million by again using a  
7 nominal figure, and, in calculating NPV, improperly used a discount rate of  
8 4.6%. PacifiCorp's weighted average cost of capital after tax is currently  
9 7.3%. Using this correct value, the net present value of avoided lease  
10 payments is only \$5.9 million<sup>2</sup>, based on PacifiCorp's estimated avoided  
11 leasing costs.

12  
13 **Introduction of New Wind Facilities**

14 **Q. WHAT IS STAFF'S RECOMMENDATION ON THE TWO NEW WIND**  
15 **FACILITIES - SEVEN MILE HILL II AND GLENROCK III - THAT**  
16 **PACIFICORP INCLUDED IN THE NVPC JULY UPDATE?**

17 A. Staff stated in its reply testimony to PacifiCorp's Renewable Adjustment  
18 Clause (RAC) filing, UE 200, that PacifiCorp's proposal to include the fixed  
19 costs of these resources in rates at this time is inconsistent with the  
20 Commission's order in Docket UM 1330 and would not allow Staff and  
21 intervenors sufficient time to review the prudence of those acquisitions.<sup>3</sup>

<sup>2</sup> Please see Exhibit Staff/501, Brown/2-5 for Mr. Tallman's work papers showing the calculation of avoided costs associated with land lease payments, and Staff's additional calculation of this payment stream.

<sup>3</sup> See Staff/200, Schwartz/23-24 in Docket UE 200.

1 As explained in Order No. 07-572 at 5, the parties agreed that if fixed  
2 costs were not included within the RAC, they would also not be included in  
3 the TAM. Therefore, these facilities should not be included within NVPC  
4 at this time.

5 **Q. WILL CUSTOMERS LOSE THE DISPATCH BENEFITS OF THESE**  
6 **RESOURCES IF THEY ARE NOT ALLOWED INTO NVPC AT THIS**  
7 **TIME?**

8 A. No. As discussed in Staff witness Schwartz testimony: "Recovery of  
9 prudently incurred costs through deferred accounting is net of dispatch  
10 benefits." See Staff/200, Schwartz/24 in Docket UE 200.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.  
13  
14

CASE: UE 199  
WITNESS: Kelcey Brown

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 501**

**Exhibits in Support  
of Surrebuttal Testimony**

**August 13, 2008**

**Updates:** (1) Started from APR version, Capacity Factor increased to 38% from APR version of 31%.

**Project Name: Rolling Hills**

	Scenario 1 - 38% CF		APR version - 31% CF		Increase	
	NPV	Nominal	NPV	Nominal	NPV	Nominal
Revenue	\$ 242,959,923	\$ 626,888,438	\$ 198,127,797	\$ 511,211,988	\$ 44,832,126	\$ 115,676,450
ACC	\$ (42,067,240)	\$ (104,365,097)	\$ 13,107,043	\$ 32,517,413	\$ (55,174,284)	\$ (136,882,510)
PTC	\$ 78,309,293	\$ 120,234,031	\$ 63,859,288	\$ 98,047,873	\$ 14,450,005	\$ 22,186,158
<b>Total</b>	<b>\$ 279,201,975</b>	<b>\$ 642,757,372</b>	<b>\$ 275,094,128</b>	<b>\$ 641,777,275</b>	<b>\$ 4,107,847</b>	<b>\$ 980,097</b>

25-years		First 100 years	Years 26-100
	\$12,168,749	\$90,561,310	\$80,042,560

Start date 1/1/2009  
End date 12/31/2033  
Rate 1.904%  
Capacity 99 MW

Initial land lease \$1,649,999 \$1,649,999 \$1,649,999 \$1,649,999

	NPV PacifiCorp Calculation	NPV Staff Calculation		
Total Land lease NPV	\$7,402,020	\$5,906,394	\$9,194,516	\$3,442,495
Royalty NPV	\$5,752,021.03	\$4,256,394.98	\$7,544,517.14	\$1,792,496.11
Nominal Land lease	\$ 10,518,750		\$ 88,911,310	\$ 78,392,560

Period	Contract Year	First 25-years	First 25-years	First 100 years	Years 26-100	Rate@10/1/2007
11/1/07	0	\$0		\$0	\$0	0.99228
12/1/07	0	\$0		\$0	\$0	0.9884
1/1/08	0	\$0		\$0	\$0	0.98492
2/1/08	0	\$0		\$0	\$0	0.98159
3/1/08	0	\$0		\$0	\$0	0.97763
4/1/08	0	\$0		\$0	\$0	0.97436
5/1/08	0	\$0		\$0	\$0	0.97105
6/1/08	0	\$0		\$0	\$0	0.96787
7/1/08	0	\$0		\$0	\$0	0.96452
8/1/08	0	\$0		\$0	\$0	0.96128
9/1/08	0	\$0		\$0	\$0	0.95817
10/1/08	0	\$0		\$0	\$0	0.95488
11/1/08	0	\$0		\$0	\$0	0.95181
12/1/08	0	\$0		\$0	\$0	0.94867
1/1/09	1	\$30,938		\$30,938	\$0	0.94542
2/1/09	1	\$30,938		\$30,938	\$0	0.94264
3/1/09	1	\$30,938		\$30,938	\$0	0.93942
4/1/09	1	\$30,938		\$30,938	\$0	0.93646
5/1/09	1	\$30,938		\$30,938	\$0	0.93343
6/1/09	1	\$30,938		\$30,938	\$0	0.93036
7/1/09	1	\$30,938		\$30,938	\$0	0.92737
8/1/09	1	\$30,938		\$30,938	\$0	0.92441
9/1/09	1	\$30,938		\$30,938	\$0	0.92157
10/1/09	1	\$30,938		\$30,938	\$0	0.91846
11/1/09	1	\$30,938		\$30,938	\$0	0.91547
12/1/09	1	\$30,938		\$30,938	\$0	0.91238
1/1/10	2	\$30,938		\$30,938	\$0	0.90909
2/1/10	2	\$30,938		\$30,938	\$0	0.90631
3/1/10	2	\$30,938		\$30,938	\$0	0.90325
4/1/10	2	\$30,938		\$30,938	\$0	0.90029
5/1/10	2	\$30,938		\$30,938	\$0	0.89725
6/1/10	2	\$30,938		\$30,938	\$0	0.89431
7/1/10	2	\$30,938		\$30,938	\$0	0.89129
8/1/10	2	\$30,938		\$30,938	\$0	0.88802
9/1/10	2	\$30,938		\$30,938	\$0	0.88516
10/1/10	2	\$30,938		\$30,938	\$0	0.88184
11/1/10	2	\$30,938		\$30,938	\$0	0.87866
12/1/10	2	\$30,938		\$30,938	\$0	0.87567
1/1/11	3	\$30,938		\$30,938	\$0	0.87239
2/1/11	3	\$30,938		\$30,938	\$0	0.86941
3/1/11	3	\$30,938		\$30,938	\$0	0.86613
4/1/11	3	\$30,938		\$30,938	\$0	0.86295
5/1/11	3	\$30,938		\$30,938	\$0	0.85967
6/1/11	3	\$30,938		\$30,938	\$0	0.85648
7/1/11	3	\$30,938		\$30,938	\$0	0.85352
8/1/11	3	\$30,938		\$30,938	\$0	0.85024
9/1/11	3	\$30,938		\$30,938	\$0	0.84706
10/1/11	3	\$30,938		\$30,938	\$0	0.84377
11/1/11	3	\$30,938		\$30,938	\$0	0.84059
12/1/11	3	\$30,938		\$30,938	\$0	0.8373
1/1/12	4	\$30,938		\$30,938	\$0	0.83437
2/1/12	4	\$30,938		\$30,938	\$0	0.83128
3/1/12	4	\$30,938		\$30,938	\$0	0.828
4/1/12	4	\$30,938		\$30,938	\$0	0.82481
5/1/12	4	\$30,938		\$30,938	\$0	0.82152
6/1/12	4	\$30,938		\$30,938	\$0	0.81833
7/1/12	4	\$30,938		\$30,938	\$0	0.81504
8/1/12	4	\$30,938		\$30,938	\$0	0.81215
9/1/12	4	\$30,938		\$30,938	\$0	0.80849
10/1/12	4	\$30,938		\$30,938	\$0	0.80528
11/1/12	4	\$30,938		\$30,938	\$0	0.8025
12/1/12	4	\$30,938		\$30,938	\$0	0.79922
1/1/13	5	\$30,938		\$30,938	\$0	0.79636
2/1/13	5	\$30,938		\$30,938	\$0	0.79336
3/1/13	5	\$30,938		\$30,938	\$0	0.79051
4/1/13	5	\$30,938		\$30,938	\$0	0.78733

Staff/501  
Brown/3

5/1/13	5	\$30,938	\$30,938	\$0	0.7845
6/1/13	5	\$30,938	\$30,938	\$0	0.78132
7/1/13	5	\$30,938	\$30,938	\$0	0.77851
8/1/13	5	\$30,938	\$30,938	\$0	0.77525
9/1/13	5	\$30,938	\$30,938	\$0	0.77208
10/1/13	5	\$30,938	\$30,938	\$0	0.76929
11/1/13	5	\$30,938	\$30,938	\$0	0.76612
12/1/13	5	\$30,938	\$30,938	\$0	0.76334
1/1/14	6	\$33,000	\$33,000	\$0	0.7601
2/1/14	6	\$33,000	\$33,000	\$0	0.7576
3/1/14	6	\$33,000	\$33,000	\$0	0.75436
4/1/14	6	\$33,000	\$33,000	\$0	0.7517
5/1/14	6	\$33,000	\$33,000	\$0	0.74847
6/1/14	6	\$33,000	\$33,000	\$0	0.74582
7/1/14	6	\$33,000	\$33,000	\$0	0.74259
8/1/14	6	\$33,000	\$33,000	\$0	0.73987
9/1/14	6	\$33,000	\$33,000	\$0	0.73674
10/1/14	6	\$33,000	\$33,000	\$0	0.73404
11/1/14	6	\$33,000	\$33,000	\$0	0.73091
12/1/14	6	\$33,000	\$33,000	\$0	0.72822
1/1/15	7	\$33,000	\$33,000	\$0	0.72502
2/1/15	7	\$33,000	\$33,000	\$0	0.72208
3/1/15	7	\$33,000	\$33,000	\$0	0.71941
4/1/15	7	\$33,000	\$33,000	\$0	0.7163
5/1/15	7	\$33,000	\$33,000	\$0	0.71365
6/1/15	7	\$33,000	\$33,000	\$0	0.71055
7/1/15	7	\$33,000	\$33,000	\$0	0.70791
8/1/15	7	\$33,000	\$33,000	\$0	0.70473
9/1/15	7	\$33,000	\$33,000	\$0	0.7022
10/1/15	7	\$33,000	\$33,000	\$0	0.69903
11/1/15	7	\$33,000	\$33,000	\$0	0.69651
12/1/15	7	\$33,000	\$33,000	\$0	0.69335
1/1/16	8	\$33,000	\$33,000	\$0	0.69075
2/1/16	8	\$33,000	\$33,000	\$0	0.68777
3/1/16	8	\$33,000	\$33,000	\$0	0.68519
4/1/16	8	\$33,000	\$33,000	\$0	0.68213
5/1/16	8	\$33,000	\$33,000	\$0	0.67957
6/1/16	8	\$33,000	\$33,000	\$0	0.67652
7/1/16	8	\$33,000	\$33,000	\$0	0.67339
8/1/16	8	\$33,000	\$33,000	\$0	0.67085
9/1/16	8	\$33,000	\$33,000	\$0	0.66781
10/1/16	8	\$33,000	\$33,000	\$0	0.66529
11/1/16	8	\$33,000	\$33,000	\$0	0.66226
12/1/16	8	\$33,000	\$33,000	\$0	0.65975
1/1/17	9	\$33,000	\$33,000	\$0	0.65665
2/1/17	9	\$33,000	\$33,000	\$0	0.6544
3/1/17	9	\$33,000	\$33,000	\$0	0.65131
4/1/17	9	\$33,000	\$33,000	\$0	0.64891
5/1/17	9	\$33,000	\$33,000	\$0	0.64583
6/1/17	9	\$33,000	\$33,000	\$0	0.64345
7/1/17	9	\$33,000	\$33,000	\$0	0.64038
8/1/17	9	\$33,000	\$33,000	\$0	0.63793
9/1/17	9	\$33,000	\$33,000	\$0	0.63464
10/1/17	9	\$33,000	\$33,000	\$0	0.63189
11/1/17	9	\$33,000	\$33,000	\$0	0.62955
12/1/17	9	\$33,000	\$33,000	\$0	0.62713
1/1/18	10	\$33,000	\$33,000	\$0	0.62473
2/1/18	10	\$33,000	\$33,000	\$0	0.62256
3/1/18	10	\$33,000	\$33,000	\$0	0.62017
4/1/18	10	\$33,000	\$33,000	\$0	0.61787
5/1/18	10	\$33,000	\$33,000	\$0	0.6155
6/1/18	10	\$33,000	\$33,000	\$0	0.61322
7/1/18	10	\$33,000	\$33,000	\$0	0.61086
8/1/18	10	\$33,000	\$33,000	\$0	0.60787
9/1/18	10	\$33,000	\$33,000	\$0	0.60561
10/1/18	10	\$33,000	\$33,000	\$0	0.60328
11/1/18	10	\$33,000	\$33,000	\$0	0.60103
12/1/18	10	\$33,000	\$33,000	\$0	0.59872
1/1/19	11	\$35,063	\$35,063	\$0	0.59642
2/1/19	11	\$35,063	\$35,063	\$0	0.59435
3/1/19	11	\$35,063	\$35,063	\$0	0.59207
4/1/19	11	\$35,063	\$35,063	\$0	0.58986
5/1/19	11	\$35,063	\$35,063	\$0	0.58759
6/1/19	11	\$35,063	\$35,063	\$0	0.58473
7/1/19	11	\$35,063	\$35,063	\$0	0.58248
8/1/19	11	\$35,063	\$35,063	\$0	0.58024
9/1/19	11	\$35,063	\$35,063	\$0	0.57807
10/1/19	11	\$35,063	\$35,063	\$0	0.57585
11/1/19	11	\$35,063	\$35,063	\$0	0.5737
12/1/19	11	\$35,063	\$35,063	\$0	0.57149

Staff/501  
Brown/4

1/1/20	12	\$35,063	\$35,063	\$0	0.56929
2/1/20	12	\$35,063	\$35,063	\$0	0.56724
3/1/20	12	\$35,063	\$35,063	\$0	0.56505
4/1/20	12	\$35,063	\$35,063	\$0	0.56225
5/1/20	12	\$35,063	\$35,063	\$0	0.56008
6/1/20	12	\$35,063	\$35,063	\$0	0.55799
7/1/20	12	\$35,063	\$35,063	\$0	0.55583
8/1/20	12	\$35,063	\$35,063	\$0	0.55369
9/1/20	12	\$35,063	\$35,063	\$0	0.55162
10/1/20	12	\$35,063	\$35,063	\$0	0.54949
11/1/20	12	\$35,063	\$35,063	\$0	0.54743
12/1/20	12	\$35,063	\$35,063	\$0	0.54532
1/1/21	13	\$35,063	\$35,063	\$0	0.54321
2/1/21	13	\$35,063	\$35,063	\$0	0.54132
3/1/21	13	\$35,063	\$35,063	\$0	0.53852
4/1/21	13	\$35,063	\$35,063	\$0	0.5365
5/1/21	13	\$35,063	\$35,063	\$0	0.53442
6/1/21	13	\$35,063	\$35,063	\$0	0.53242
7/1/21	13	\$35,063	\$35,063	\$0	0.53036
8/1/21	13	\$35,063	\$35,063	\$0	0.52831
9/1/21	13	\$35,063	\$35,063	\$0	0.52633
10/1/21	13	\$35,063	\$35,063	\$0	0.5243
11/1/21	13	\$35,063	\$35,063	\$0	0.52233
12/1/21	13	\$35,063	\$35,063	\$0	0.52031
1/1/22	14	\$35,063	\$35,063	\$0	0.51757
2/1/22	14	\$35,063	\$35,063	\$0	0.51576
3/1/22	14	\$35,063	\$35,063	\$0	0.51376
4/1/22	14	\$35,063	\$35,063	\$0	0.51183
5/1/22	14	\$35,063	\$35,063	\$0	0.50985
6/1/22	14	\$35,063	\$35,063	\$0	0.50793
7/1/22	14	\$35,063	\$35,063	\$0	0.50596
8/1/22	14	\$35,063	\$35,063	\$0	0.504
9/1/22	14	\$35,063	\$35,063	\$0	0.50211
10/1/22	14	\$35,063	\$35,063	\$0	0.50016
11/1/22	14	\$35,063	\$35,063	\$0	0.49755
12/1/22	14	\$35,063	\$35,063	\$0	0.49561
1/1/23	15	\$35,063	\$35,063	\$0	0.49369
2/1/23	15	\$35,063	\$35,063	\$0	0.49195
3/1/23	15	\$35,063	\$35,063	\$0	0.49004
4/1/23	15	\$35,063	\$35,063	\$0	0.4882
5/1/23	15	\$35,063	\$35,063	\$0	0.4863
6/1/23	15	\$35,063	\$35,063	\$0	0.48447
7/1/23	15	\$35,063	\$35,063	\$0	0.48259
8/1/23	15	\$35,063	\$35,063	\$0	0.48072
9/1/23	15	\$35,063	\$35,063	\$0	0.47816
10/1/23	15	\$35,063	\$35,063	\$0	0.4763
11/1/23	15	\$35,063	\$35,063	\$0	0.4745
12/1/23	15	\$35,063	\$35,063	\$0	0.47265
1/1/24	16	\$37,125	\$37,125	\$0	0.47081
2/1/24	16	\$37,125	\$37,125	\$0	0.4691
3/1/24	16	\$37,125	\$37,125	\$0	0.46727
4/1/24	16	\$37,125	\$37,125	\$0	0.46551
5/1/24	16	\$37,125	\$37,125	\$0	0.4637
6/1/24	16	\$37,125	\$37,125	\$0	0.46195
7/1/24	16	\$37,125	\$37,125	\$0	0.46015
8/1/24	16	\$37,125	\$37,125	\$0	0.4576
9/1/24	16	\$37,125	\$37,125	\$0	0.45587
10/1/24	16	\$37,125	\$37,125	\$0	0.45409
11/1/24	16	\$37,125	\$37,125	\$0	0.45238
12/1/24	16	\$37,125	\$37,125	\$0	0.45061
1/1/25	17	\$37,125	\$37,125	\$0	0.44886
2/1/25	17	\$37,125	\$37,125	\$0	0.44727
3/1/25	17	\$37,125	\$37,125	\$0	0.44553
4/1/25	17	\$37,125	\$37,125	\$0	0.44385
5/1/25	17	\$37,125	\$37,125	\$0	0.44211
6/1/25	17	\$37,125	\$37,125	\$0	0.43968
7/1/25	17	\$37,125	\$37,125	\$0	0.43796
8/1/25	17	\$37,125	\$37,125	\$0	0.43625
9/1/25	17	\$37,125	\$37,125	\$0	0.4346
10/1/25	17	\$37,125	\$37,125	\$0	0.4329
11/1/25	17	\$37,125	\$37,125	\$0	0.43126
12/1/25	17	\$37,125	\$37,125	\$0	0.42957
1/1/26	18	\$37,125	\$37,125	\$0	0.42789
2/1/26	18	\$37,125	\$37,125	\$0	0.42638
3/1/26	18	\$37,125	\$37,125	\$0	0.42471
4/1/26	18	\$37,125	\$37,125	\$0	0.42234
5/1/26	18	\$37,125	\$37,125	\$0	0.42068
6/1/26	18	\$37,125	\$37,125	\$0	0.41909
7/1/26	18	\$37,125	\$37,125	\$0	0.41744
8/1/26	18	\$37,125	\$37,125	\$0	0.41581

Staff/501  
Brown/5

9/1/26	18	\$37,125	\$37,125	\$0	0.41423
10/1/26	18	\$37,125	\$37,125	\$0	0.41261
11/1/26	18	\$37,125	\$37,125	\$0	0.41104
12/1/26	18	\$37,125	\$37,125	\$0	0.40943
1/1/27	19	\$37,125	\$37,125	\$0	0.40783
2/1/27	19	\$37,125	\$37,125	\$0	0.40561
3/1/27	19	\$37,125	\$37,125	\$0	0.40402
4/1/27	19	\$37,125	\$37,125	\$0	0.40248
5/1/27	19	\$37,125	\$37,125	\$0	0.4009
6/1/27	19	\$37,125	\$37,125	\$0	0.39938
7/1/27	19	\$37,125	\$37,125	\$0	0.39781
8/1/27	19	\$37,125	\$37,125	\$0	0.39625
9/1/27	19	\$37,125	\$37,125	\$0	0.39474
10/1/27	19	\$37,125	\$37,125	\$0	0.39319
11/1/27	19	\$37,125	\$37,125	\$0	0.3917
12/1/27	19	\$37,125	\$37,125	\$0	0.39016
1/1/28	20	\$37,125	\$37,125	\$0	0.38785
2/1/28	20	\$37,125	\$37,125	\$0	0.38643
3/1/28	20	\$37,125	\$37,125	\$0	0.38491
4/1/28	20	\$37,125	\$37,125	\$0	0.38344
5/1/28	20	\$37,125	\$37,125	\$0	0.38193
6/1/28	20	\$37,125	\$37,125	\$0	0.38048
7/1/28	20	\$37,125	\$37,125	\$0	0.37898
8/1/28	20	\$37,125	\$37,125	\$0	0.37749
9/1/28	20	\$37,125	\$37,125	\$0	0.37605
10/1/28	20	\$37,125	\$37,125	\$0	0.37457
11/1/28	20	\$37,125	\$37,125	\$0	0.37237
12/1/28	20	\$37,125	\$37,125	\$0	0.3709
1/1/29	21	\$39,188	\$39,188	\$0	0.36944
2/1/29	21	\$39,188	\$39,188	\$0	0.36812
3/1/29	21	\$39,188	\$39,188	\$0	0.36667
4/1/29	21	\$39,188	\$39,188	\$0	0.36527
5/1/29	21	\$39,188	\$39,188	\$0	0.36383
6/1/29	21	\$39,188	\$39,188	\$0	0.36244
7/1/29	21	\$39,188	\$39,188	\$0	0.36101
8/1/29	21	\$39,188	\$39,188	\$0	0.35959
9/1/29	21	\$39,188	\$39,188	\$0	0.35745
10/1/29	21	\$39,188	\$39,188	\$0	0.35604
11/1/29	21	\$39,188	\$39,188	\$0	0.35467
12/1/29	21	\$39,188	\$39,188	\$0	0.35327
1/1/30	22	\$39,188	\$39,188	\$0	0.35188
2/1/30	22	\$39,188	\$39,188	\$0	0.35062
3/1/30	22	\$39,188	\$39,188	\$0	0.34923
4/1/30	22	\$39,188	\$39,188	\$0	0.3479
5/1/30	22	\$39,188	\$39,188	\$0	0.34652
6/1/30	22	\$39,188	\$39,188	\$0	0.3452
7/1/30	22	\$39,188	\$39,188	\$0	0.34307
8/1/30	22	\$39,188	\$39,188	\$0	0.34171
9/1/30	22	\$39,188	\$39,188	\$0	0.3404
10/1/30	22	\$39,188	\$39,188	\$0	0.33905
11/1/30	22	\$39,188	\$39,188	\$0	0.33775
12/1/30	22	\$39,188	\$39,188	\$0	0.33641
1/1/31	23	\$39,188	\$39,188	\$0	0.33508
2/1/31	23	\$39,188	\$39,188	\$0	0.33388
3/1/31	23	\$39,188	\$39,188	\$0	0.33256
4/1/31	23	\$39,188	\$39,188	\$0	0.33129
5/1/31	23	\$39,188	\$39,188	\$0	0.32997
6/1/31	23	\$39,188	\$39,188	\$0	0.32795
7/1/31	23	\$39,188	\$39,188	\$0	0.32665
8/1/31	23	\$39,188	\$39,188	\$0	0.32535
9/1/31	23	\$39,188	\$39,188	\$0	0.3241
10/1/31	23	\$39,188	\$39,188	\$0	0.32281
11/1/31	23	\$39,188	\$39,188	\$0	0.32157
12/1/31	23	\$39,188	\$39,188	\$0	0.3203
1/1/32	24	\$39,188	\$39,188	\$0	0.31903
2/1/32	24	\$39,188	\$39,188	\$0	0.31784
3/1/32	24	\$39,188	\$39,188	\$0	0.31658
4/1/32	24	\$39,188	\$39,188	\$0	0.31461
5/1/32	24	\$39,188	\$39,188	\$0	0.31336
6/1/32	24	\$39,188	\$39,188	\$0	0.31215
7/1/32	24	\$39,188	\$39,188	\$0	0.31091
8/1/32	24	\$39,188	\$39,188	\$0	0.30967
9/1/32	24	\$39,188	\$39,188	\$0	0.30848
10/1/32	24	\$39,188	\$39,188	\$0	0.30725
11/1/32	24	\$39,188	\$39,188	\$0	0.30607
12/1/32	24	\$39,188	\$39,188	\$0	0.30485
1/1/33	25	\$39,188	\$39,188	\$0	0.30364
2/1/33	25	\$39,188	\$39,188	\$0	0.3018
3/1/33	25	\$39,188	\$39,188	\$0	0.3006
4/1/33	25	\$39,188	\$39,188	\$0	0.29944

Staff/501  
Brown/6

5/1/33	25	\$39,188	\$39,188	\$0	0.29825
6/1/33	25	\$39,188	\$39,188	\$0	0.2971
7/1/33	25	\$39,188	\$39,188	\$0	0.29591
8/1/33	25	\$39,188	\$39,188	\$0	0.29473
9/1/33	25	\$39,188	\$39,188	\$0	0.2936
10/1/33	25	\$39,188	\$39,188	\$0	0.29243
11/1/33	25	\$39,188	\$39,188	\$0	0.2913
12/1/33	25	\$39,188	\$39,188	\$0	0.28939

CASE: UE 199  
WITNESS: Lisa Schwartz

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 600**

**SURREBUTTAL TESTIMONY**

**August 13, 2008**

1 **Q. PLEASE STATE YOUR NAME.**

2 A. My name is Lisa Schwartz.

3 **Q. ARE YOU THE SAME LISA SCHWARTZ THAT FILED EARLY**  
4 **SURREBUTTAL TESTIMONY IN THIS PROCEEDING?**

5 A. Yes.

6 **Q. WHAT IS THE PURPOSE OF THE REMAINDER OF YOUR**  
7 **SURREBUTTAL TESTIMONY?**

8 A. I respond to the rebuttal testimony of PacifiCorp witness Mark R. Tallman on  
9 Staff's proposed adjustment for the Rolling Hills wind facility.

10 **Q. DID YOU PREPARE EXHIBITS?**

11 A. Yes. Staff Exhibit 601 is an excerpt from the Oregon Department of Energy's  
12 rules on "distinct essential characteristics" of a renewable energy resource  
13 facility for the purpose of qualifying as a single project under the Business  
14 Energy Tax Credit. Staff Exhibit 602 is an excerpt on defining separate wind  
15 projects, from the minutes of the Energy Facility Siting Council's April 18, 2008,  
16 meeting. Staff Exhibit 603 consists of agendas for recent Energy Facility Siting  
17 Council meetings where the issue of criteria for sub-jurisdictional renewable  
18 energy facilities has been considered. Staff Exhibit 604 is PacifiCorp's  
19 responses to selected data requests.

20 **Q. PLEASE SUMMARIZE PACIFICORP'S ARGUMENT AGAINST STAFF'S**  
21 **PROPOSED ADJUSTMENT TO NET POWER COSTS FOR THE ROLLING**  
22 **HILLS FACILITY.**

1 A. PacifiCorp argues that it would have lost the opportunity to add Rolling Hills  
2 and take advantage of the federal production tax credit if the Company had  
3 conducted a Request for Proposals (RFP) for renewable resources. The  
4 Company also asserts that any other wind alternative in the Company's service  
5 territory that could have been added through an RFP likely would have had  
6 higher costs, even if it had a higher capacity factor. Further, PacifiCorp  
7 disagrees with Staff that the Commission should consider whether wind  
8 projects are at the same site in determining whether such facilities are Major  
9 Resources under the Commission's competitive bidding guidelines.<sup>1</sup> In  
10 addition, PacifiCorp raises the issue of "phantom" renewable energy credits  
11 (RECs) and federal production tax credits associated with Staff's proposed  
12 capacity factor adjustment. Finally, PacifiCorp maintains that Staff's proposed  
13 net power cost disallowance is punitive and unreasonable, and the  
14 Commission should simply use the 31 percent capacity factor from site-specific  
15 studies of the Rolling Hills project.<sup>2</sup> See PPL/400, Tallman/2-12 in UE 199.

16 **Q. PLEASE ADDRESS PACIFICORP'S FIRST ARGUMENT, REGARDING**  
17 **LOST OPPORTUNITIES FOR ROLLING HILLS AND THE FEDERAL**  
18 **PRODUCTION TAX CREDIT.**

19 A. It is difficult to understand how PacifiCorp could lose the opportunity to develop  
20 Rolling Hills because the Company developed the project on its own at its own

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<sup>1</sup> Order No. 06-446 (Docket UM 1182) requires utilities to use competitive bidding to acquire Major Resources, defined as resources 100 MW or larger and for a term of five years or more, or request a waiver.

<sup>2</sup> However, the Company does not make this argument for the capacity factor of the Glenrock project. See Staff/300 in UE 199; Staff/200, Schwartz/17 and Staff/202, Schwartz/57 in UE 200.

1 site. In addition, the turbines PacifiCorp already had on hand and used for the  
2 project could have been used in an RFP – for a self-build Benchmark Resource  
3 as a cost-based alternative to bids or for building a project on a site offered by  
4 a bidder for development. Or the Company could have resold the turbines,  
5 likely at a profit given increasing equipment prices. See PPL/400, Tallman/10-  
6 11 in UE 199. Regarding lost tax credit opportunities, the Company had plenty  
7 of time to conduct an RFP in 2007 for resources to come on-line by year-end  
8 2008. See Staff/200, Schwartz/11-12 in UE 200.<sup>3</sup> Moreover, Rolling Hills is an  
9 opportunity that PacifiCorp should have passed up. A 31 percent capacity  
10 factor is quite low for Wyoming wind resources. Staff also raised other  
11 concerns based on third-party technical site review. See Staff/200,  
12 Schwartz/14-17 in UE 200. Finally, it appears that the Company expected the  
13 tax credit to continue for projects that go into service in 2009. See Staff/200,  
14 Schwartz/10-11 in UE 200.

15 **Q. PLEASE ADDRESS PACIFICORP'S SECOND ARGUMENT – THAT**  
16 **PROJECTS PROPOSED THROUGH AN RFP WOULD HAVE COST**  
17 **MORE.**

18 A. Without an RFP, there is no price discovery to demonstrate that Rolling Hills  
19 was the best resource for ratepayers. The Commission updated its competitive  
20 bidding guidelines in August 2006 to address this very issue, requiring  
21 competitive bidding for all Major Resources. In any case, PacifiCorp's  
22 estimated annual output and levelized resource costs for the renewable

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<sup>3</sup> Pursuant to OAR 860-014-0050(1)(e), Staff asks the Commission and Administrative Law Judge to take official notice of its reply testimony in Docket UE 200 referenced herein.

1 resources included in its Transition Adjustment Mechanism and Renewable  
2 Adjustment Clause (RAC) filings demonstrate the importance of capacity factor  
3 of a wind site. See Staff/202, Schwartz/1 in UE 199; Staff/200, Schwartz/13-14  
4 and Staff/202, Schwartz/8-11 in UE 200.

5 **Q. WHAT ABOUT PACIFICORP'S ARGUMENT THAT DEVELOPING**  
6 **ROLLING HILLS AVOIDED THIRD-PARTY LEASING COSTS?**

7 A. The Company corrected its testimony on this point on August 6, 2008. See  
8 corrected rebuttal testimony of Mark R. Tallman, PPL/400, Tallman/10, lines 9-  
9 16. PacifiCorp's estimated savings on land leasing costs – approximately \$12.2  
10 million over the 25-year life of the project – is still overstated. See Staff/500,  
11 Brown/3 in UE 199. In addition, PacifiCorp's estimate is based on land leasing  
12 costs for [REDACTED]. See Staff/604, Schwartz/1-5 in  
13 UE 199. Land leasing costs are [REDACTED] for the Seven Mile Hill facility in  
14 Wyoming, the state where Rolling Hills is located. See Staff/604, Schwartz/6-  
15 14 in UE 199. Such leasing costs would better represent Wyoming wind site  
16 alternatives to Rolling Hills. Moreover, the importance of site capacity factor  
17 versus leasing costs is evident when comparing the estimated annual output  
18 and levelized resource cost of Rolling Hills, Glenrock and Seven Mile Hill, all 99  
19 MW Wyoming projects built by PacifiCorp in the same year. See Staff/200,  
20 Schwartz/9, 13-14 and Staff/202, Schwartz/8-11 in UE 200. Seven Mile Hill is  
21 on leased land. See Staff/202, Schwartz/1 in UE 199.

22 **Q. PLEASE RESTATE THIS COMPARISON FOR THE 2009 TEST YEAR.**

1 A. Using PacifiCorp's 2009 total revenue requirement for the projects (PPL/301,  
2 Dalley/1 in UE 200<sup>4</sup>) and their 2009 output estimated by the Company  
3 (PPL/102, Duvall/10 in UE 199, as corrected for Glenrock and Rolling Hills in  
4 the July 25, 2008, GRID update; see PPL/106, Duvall/1, 9), the cost of these  
5 99 MW Wyoming projects in 2009 are as follows:

6 \$59.10/MWh for Seven Mile Hill

7 \$73.12/MWh for Glenrock

8 \$95.19/MWh for Rolling Hills

9 **Q. DO YOU AGREE WITH PACIFICORP THAT THE COMMISSION SHOULD**  
10 **NOT CONSIDER WHETHER WIND PROJECTS ARE AT THE SAME SITE**  
11 **IN DETERMINING WHETHER COMPETITIVE BIDDING REQUIREMENTS**  
12 **APPLY?**

13 A. No. The Commission takes facility proximity into account for the purpose of  
14 determining whether third party-owned Qualifying Facilities using the same  
15 motive force (e.g., wind) are distinct small projects eligible for standard rates  
16 and terms or, in fact, a single larger project. In addition, the Oregon  
17 Department of Energy takes renewable energy facility location into account  
18 when determining limits on eligible project costs for state energy tax credits.  
19 The state also has location-based rules for renewable energy facility siting.

20 **Q. WHY IS THE REASONING BEHIND THE PARTIAL STIPULATION IN**  
21 **DOCKET UM 1129 (ORDER NOS. 06-538 AND 06-586) RELEVANT TO**  
22 **THIS PROCEEDING?**

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<sup>4</sup> Pursuant to OAR 860-014-0050(1)(e), Staff asks the Commission and Administrative Law Judge to take official notice of PacifiCorp's direct testimony in Docket UE 200 referenced herein.

1 A. The Commission would not discriminate against Qualifying Facilities by  
2 applying ownership and proximity criteria only to them — to avoid potential  
3 gaming of standard rates and terms — but not to electric companies seeking to  
4 avoid the Commission’s competitive bidding requirements.

5 **Q. IS YOUR FINDING THAT GLENROCK/ROLLING HILLS CONSTITUTES A**  
6 **MAJOR RESOURCE INCONSISTENT WITH CRITERIA USED BY THE**  
7 **OREGON DEPARTMENT OF ENERGY, AS PACIFICORP ASSERTS**  
8 **(PPL/400, TALLMAN/7, LINES 1-10)?**

9 A. No. Regarding the Business Energy Tax Credit, OAR 330-090-0120(6) states  
10 in part, “A facility must have distinct essential characteristics to be considered  
11 a facility separate from another facility subject to the facility cost limitation  
12 imposed [by] OAR 330-090-0150 (1)(a). Facilities that are not clearly  
13 distinguishable will be considered as one facility subject to the facility cost  
14 limitation.” See Staff/601, Schwartz/1 in UE 199. Among the distinct essential  
15 characteristics for a renewable energy resource facility is the following: “Where  
16 and how closely are the facilities located, including supporting facilities such as  
17 access roads, substations, water or discharge lines, perimeter fencing, storage  
18 or parking areas, and how are the facilities distinct?” *Id.* at 2.

19 **Q. DOES THE OREGON ENERGY FACILITY SITING COUNCIL CONSIDER**  
20 **WHETHER WIND PROJECTS ARE IN CLOSE PROXIMITY IN**  
21 **CONSIDERING WHETHER THEY ARE A SINGLE FACILITY?**

22 A. Yes. The Council established rules to address treatment of small generating  
23 facilities in the Umatilla Wind Generation Area and any other Energy

1 Generation Area it may establish in the future. See OAR 345-001-0200 through  
2 -0220. The following excerpts demonstrate that ownership, operation and  
3 proximity of facilities are key factors:

4 (1) The Council shall define the boundaries of an energy  
5 generation area by rule when: The Council finds that a  
6 geographical area exists within which the effects of  
7 development of two or more small generating plants, as  
8 defined in OAR 345-001-0210, are likely to accumulate so  
9 the small generating plants have effects of a magnitude  
10 similar to a single generating plant with an average electric  
11 generating capacity of 35 megawatts<sup>5</sup> or more.... See OAR  
12 345-001-0200.

13  
14 (b) "Small generating plant" means one or more electric  
15 power generating devices that:

16 (A) Have a combined nominal electric generating capacity  
17 of more than 3 megawatts and a combined average electric  
18 generating capacity of less than 35 megawatts;

19 (B) Are connected to a common switching station or are  
20 constructed[,] maintained or operated as a contiguous group  
21 of devices; and

22 (C) Are owned by a single person or entity or subsidiaries  
23 of a single entity....  
24

25 (c) "Accumulated effects" means the effects of a proposed  
26 small generating plant or proposed expansion to a small  
27 generating plant combined with the effects of all existing  
28 small generating plants using the same energy resource  
29 within the energy generation area. "Accumulated effects"  
30 includes the effects of all related or supporting facilities;

31 (d) Expansion of a small generating plant includes any  
32 enlargement of the site and any increase in the small  
33 generating plant's nominal electric generating capacity....  
34

35 (2) For the designated energy resource within an energy  
36 generation area created under OAR 345-001-0200...

37 (b) If the expansion of a small generating plant would  
38 create an electric power generating plant with an average  
39 electric generating capacity of 35 megawatts or more, a  
40 person shall not expand the small generating plant unless

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<sup>5</sup> A 105 MW wind facility with a 33 percent capacity factor has an *average* generating capacity of 35 MW (i.e., 35 MWa).

1 the Council has granted a site certificate or an amendment  
2 to an existing site certificate.

3 (3) Upon consideration of a request for exemption described  
4 in section (2), if the Council finds that the accumulated  
5 effects have a magnitude similar to a single generating plant  
6 with an average electric generating capacity of 35  
7 megawatts or more, a person shall not construct or expand  
8 the small generating plant as proposed unless the Council  
9 has granted a site certificate or an amendment to an existing  
10 site certificate. In making a finding about accumulated  
11 effects, the Council shall consider factors including, but not  
12 limited to, the following:

13 (a) The nominal electric generating capacity of the  
14 proposed small generating plant or proposed expansion to a  
15 small generating plant;

16 (b) The location of the proposed small generating plant or  
17 proposed expansion to a small generating plant relative to  
18 existing small generating plants and energy facilities using  
19 the same energy resource.... See OAR 345-001-0210.  
20

21 **Q. IS THE COUNCIL CONSIDERING TIGHTER STANDARDS?**

22 A. Yes. The Council is now considering how to mitigate the potential for  
23 developers to avoid the Council's statutory jurisdiction for siting wind facilities  
24 — set at 105 MW — by breaking up a single facility into multiple projects. See  
25 Staff/602 and Staff/603 in UE 199.<sup>6</sup>

26 **Q. WHAT IS STAFF'S RESPONSE TO THE ISSUE OF "PHANTOM"**  
27 **RENEWABLE ENERGY CREDITS AND FEDERAL PRODUCTION TAX**  
28 **CREDITS FOR ROLLING HILLS (PPL/400, TALLMAN/4, LINES 3-6)?**

29 A. PacifiCorp witness Tallman points out that Staff's recommended capacity factor  
30 adjustment for Rolling Hills raises the issue of whether the Commission should  
31 make related adjustments for renewable energy credits (RECs) and federal

---

<sup>6</sup> Minutes for the May 2008 meetings will be posted when approved at:  
[http://www.oregon.gov/ENERGY/SITING/EFSC\\_Minutes.shtml](http://www.oregon.gov/ENERGY/SITING/EFSC_Minutes.shtml).

1 production tax credits. Staff agrees that the Commission should consider this  
2 issue for both Rolling Hills and Glenrock. A higher capacity factor means more  
3 energy is produced. See Staff/200, Schwartz/1-3 in UE 199. One REC is  
4 produced for each megawatt-hour (MWh) of energy generated. And each  
5 *kilowatt*-hour generated from a wind facility that goes into service in 2008 is  
6 eligible for a federal tax credit of two cents for the first 10 years of production.  
7 See PPL/300, Daley/4, lines 12-22 in UE 200.

8 **Q. HOW MUCH ADDITIONAL ENERGY DOES STAFF'S PROPOSED**  
9 **CAPACITY FACTOR ADJUSTMENTS REPRESENT?**

10 A. Staff witness Brown provides the system-wide figures – a 21,141 MWh  
11 increase for Glenrock and a 60,801 MWh increase for Rolling Hills. See  
12 Staff/400, Brown/2 and Staff/500, Brown/1 in UE 199.

13 **Q. WHAT IS THE REC VALUE OF THIS ADDITIONAL GENERATION?**

14 A. In PacifiCorp's acknowledged 2007 Integrated Resource Plan (IRP), the  
15 Company valued RECs at \$5 per MWh for the first five years of facility  
16 operation. See PacifiCorp's 2007 IRP Appendices at 22 in Docket LC 42.<sup>7</sup>  
17 Applying this additional energy to the Company's IRP REC value results in an  
18 incremental REC value in 2009 of \$304,005 for Rolling Hills and \$105,705 for  
19 Glenrock, system-wide.

20 **Q. HOW WOULD ADJUSTMENTS FOR THESE ADDITIONAL REC VALUES**  
21 **AFFECT REVENUE REQUIREMENTS?**

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<sup>7</sup> Appendices at: <http://www.pacificorp.com/File/File74766.pdf>.

1 A. The Commission is considering the capital costs of Glenrock and Rolling Hills  
2 in UE 200. The Commission could direct PacifiCorp to deduct these additional  
3 REC values from capital costs for the December 1<sup>st</sup> RAC update.

4 **Q. IS THIS APPROACH FOR THE *INCREMENTAL RECS* SIMILAR TO THE**  
5 **REGULATORY TREATMENT ICNU RECOMMENDS FOR *ALL RECS* FOR**  
6 **THE 2009 TEST YEAR IN UE 200 (ICNU/100, FALKENBERG/24-25)<sup>8</sup>?**

7 A. Yes. ICNU witness Falkenberg recommends the Commission require  
8 PacifiCorp to establish a regulatory liability equal to the current market value of  
9 all RECs associated with the resources in the RAC filing and deduct that  
10 amount for the 2009 test year.<sup>9</sup>

11 **Q. WHAT IS THE TAX CREDIT VALUE OF THE ADDITIONAL ENERGY**  
12 **GENERATION ASSOCIATED WITH STAFF'S CAPACITY FACTOR**  
13 **ADJUSTMENTS?**

14 A. The additional generation represents an additional \$422,820 in federal  
15 production tax credits for Glenrock and an additional \$1,216,020 in tax credits  
16 for Rolling Hills in 2009, system-wide.

17 **Q. HOW WOULD THESE TAX CREDIT ADJUSTMENTS AFFECT REVENUE**  
18 **REQUIREMENTS?**

19 A. These additional tax credit values would be multiplied by the gross-up factor  
20 and subtracted from the revenue requirement for Glenrock and Rolling Hills.

21 See PPL/300, Dalley/5, lines 7-9; PPL/301, Dalley/1 in UE 200. The

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<sup>8</sup> Pursuant to OAR 860-014-0050(1)(e), Staff asks the Commission and Administrative Law Judge to take official notice of ICNU's reply testimony in Docket UE 200 referenced herein.

<sup>9</sup> However, for the incremental RECs associated with Staff's capacity factor adjustments, the Commission would simply direct PacifiCorp to deduct this amount from capital costs.

1 Commission would direct the Company to make these tax credit adjustments in  
2 its power cost update on November 14, 2008.

3 **Q. HOW DO YOU ADDRESS PACIFICORP'S ARGUMENT THAT THE**  
4 **COMMISSION SHOULD SIMPLY RELY ON THE SITE-SPECIFIC STUDY**  
5 **FOR ROLLING HILLS IN ESTABLISHING ITS CAPACITY FACTOR?**

6 A. This argument skirts entirely the issue of whether Rolling Hills was prudently  
7 acquired. Staff finds that it was not prudently acquired. See Staff/200, Staff/202  
8 and Staff/203 in UE 199; Staff/200, Schwartz/9-17 in UE 200. Therefore, the  
9 Commission should impute a capacity factor for Rolling Hills aligned with the  
10 average capacity factor of other Wyoming wind resources acquired by the  
11 Company. Staff recommended the Commission use the average capacity  
12 factor of Wyoming wind resources already serving PacifiCorp – 38 percent.  
13 That is less than the capacity factor determined by site-specific studies for the  
14 Company's other new Wyoming wind facilities – Glenrock and Seven Mile Hill,  
15 [REDACTED]. See Staff/200, Schwartz/3-5; Staff/202, Schwartz/1;  
16 Staff/203, Schwartz/6-9; and Staff/604, Schwartz/15 in UE 199.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes.

CASE: UE 199  
WITNESS: Lisa Schwartz

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 601**

**Exhibits in Support  
Of Surrebuttal Testimony**

**August 13, 2008**

- (b) Recovered material/end product, exclusive of fuel or lubricant, exceeds 50 percent or higher on a dry mass basis.
- (c) The facility does not increase the release of toxins, fossil-derived greenhouse gas emissions, or other emissions.
- (d) The facility does not divert materials from a higher value use.
- (e) The facility has an acceptable energy balance as determined by the Director.

(77)"Year": Calendar year.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 469.040 & ORS 469.165

Stats. Implemented: ORS 469.185 - ORS 469.225

Hist.: DOE 7-1985, f. 12-31-85, ef. 1-1-86; DOE 3-1986, f. & ef. 8-29-86; DOE 2-1988, f. & cert. ef. 3-17-88; DOE 3-1989, f. 12-28-89, cert. ef. 1-1-90; DOE 3-1990, f. & cert. ef. 9-20-90; DOE 4-1991, f. & cert. ef. 12-31-91; DOE 2-1992(Temp), f. 12-14-92, cert. ef. 12-15-92; DOE 2-1993, f. & cert. ef. 1-28-93; DOE 5-1993, f. & cert. ef. 12-14-93; DOE 2-1995, f. 12-12-95, cert. ef. 12-15-95; DOE 3-1996, f. & cert. ef. 11-27-96; DOE 2-1997, f. 12-15-97, cert. ef. 1-1-98; DOE 4-1998, f. 12-14-98, cert. ef. 12-15-98; DOE 2-1999, f. 12-22-99, cert. ef. 1-1-00; DOE 1-2001, f. 10-5-01, cert. ef. 10-8-01

### **330-090-0120**

#### **What Qualifies for a BETC**

Both the party asking for a BETC and a facility must comply with these standards.

**(1) Standards for an Applicant --** An applicant must:

- (a) Be an applicant as defined by these rules; and
- (b) Own or contract to buy a facility; or
- (c) Own or contract to buy or lease an Oregon firm that will use or lease the facility or sell power from the facility.

**(2) Standards for a Facility --** A facility must:

- (a) Be a facility as defined by these rules; and
- (b) Comply with or have a variance from the land use laws of the city or county where the facility will be located; and
- (c) Comply with all other local, federal, and state laws, including but not limited to the following:

(A) A water power energy facility that uses navigable waters or that sells electricity must have a permit, license or exemption from the Oregon Department of Water Resources (DWR) and the Federal Energy Regulatory Commission (FERC). Also, if the facility uses water from the Columbia River basin, it must comply with the Northwest Power Planning Council's Fish and Wildlife Program.

(B) A geothermal energy facility must have the proper permit from the Oregon Department of Geology and Mineral Industries (DOGAMI) or a permit from DWR.

(C) A biomass energy facility must have required permits from the Oregon Department of Environmental Quality (DEQ).

(d) Include only costs allowed by these rules.

**(3) Standards for a Leased Facility:** A BETC may be granted to the owner of a facility who leases the facility for use in connection with a private or public sector building or activity. The lessee may operate the facility in conjunction with its own building or activity, or the building or activity of another as part of an energy service contract or other contractual agreement.

**(4) Standards for a Renewable Energy Resource Equipment Manufacturing Facility:** To be eligible for a Business Energy Tax Credit, the applicant must demonstrate that the facility will be used solely to manufacture equipment, machinery or other products that will be used exclusively for renewable energy resource facilities. A facility that is used to manufacture equipment, machinery or other products that will not be used exclusively for renewable energy resource facilities is not eligible for the credit as a renewable energy resource equipment manufacturing facility. An application for a Business Energy Tax Credit for a renewable energy resource equipment manufacturing facility must provide sufficient information to allow the Director to find that the facility is used exclusively for a renewable energy resource facility, including clearly describing the specific characteristics of the equipment, machinery or other products that demonstrate why such equipment, machinery or other products will be used exclusively for renewable energy resource facilities and not for other commercial purposes.

**(5) Standards for Determining What Constitutes a Single Renewable Energy Resource Equipment Manufacturing Facility:** In determining whether to grant a BETC for a renewable energy resource manufacturing facility, the director will consider the criteria established in OAR 330-090-0120 (6) (C).

**(6) Standards for Distinct Facility Characteristics:** A facility must have distinct essential characteristics to be considered a facility separate from another facility subject to the facility cost limitation imposed OAR 330-090-0150 (1)(a). Facilities that are not clearly distinguishable will be considered as one facility subject to the facility cost limitation.

(a) If an applicant is applying for a preliminary certification for a facility qualifying under the same specific facility definition under OAR 330-090-0110 as any other facility for which the applicant has received preliminary or final certification, the applicant must demonstrate that the facility has distinct essential characteristics or the facilities will be considered as one facility subject to the facility cost limitation imposed OAR 330-090-

0150 (1)(a), except as otherwise provided in OAR 330-090-0120 (4)(B) and (4)(b). In its application, the applicant must specifically address each of the essential characteristics criteria cited for the facility and clearly state the basis on which it believes the facilities have distinct essential characteristics. The applicant may also cite any other essential characteristics it believes are applicable and clearly state the basis on which it believes the facilities have distinct essential characteristics.

(A) Except as provided in subsection (B) of this section, criteria to be considered in determining essential characteristics of a renewable energy resource facility include but are not limited to:

- i. What is the purpose or end-use application of the facilities and how are those purposes or end-use applications distinct?
- ii. What are the applicable permits, licenses or site certificates and how are they distinct?
- iii. Where and how closely are the facilities located, including supporting facilities such as access roads, substations, water or discharge lines, perimeter fencing, storage or parking areas, and how are the facilities distinct?
- iv. How, when, and from whom was the generating equipment procured for the facility and how is the procurement distinct?
- v. What are the net metering or power purchase agreements and how are those agreements distinct?
- vi. Where and how will the facilities connect to the grid and how will that connection be distinct?
- vii. What will be the applicable transmission agreements and how will those agreements be distinct?
- viii. What will be the construction agreements or arrangements and how are those agreements or arrangements distinct construction agreements?
- ix. What will be the operation, including dispatch if applicable, and maintenance agreements or arrangements and how are those agreements or arrangements distinct?
- x. What will be the financing arrangements and how are the financing arrangements distinct?

(B) For renewable energy facilities that qualify as small power production facilities under Oregon Public Utility Commission docket number UM1129 definition of separate site, each small power production facility may qualify for a Business Energy Tax Credit based on the

following criteria:

- i. Each applicant will only be allowed to take the applicant's proportion of any shared interconnection infrastructure.
- ii. Each applicant must identify other entities that share the applicant's interconnection infrastructure.

(C) Essential characteristics of a renewable energy resource equipment manufacturing facility include but are not limited to the following criteria:

- i. How is the land, structures, buildings, installations, excavations, machinery, equipment or devices that have been subject in whole or in part to the facility cost limitation of OAR 330-090-0150 (1)(a)(A) distinct from a facility that has received preliminary or final certification?
- ii. What is the purpose or end-use product of the facilities and how are those purposes or end-use applications distinct?
- iii. What are the applicable permits, licenses or site certificates and how are those permits, licenses or site certificates distinct?
- iv. Where and how closely are the facilities located, including supporting facilities such as access roads, substations, water or discharge lines, perimeter fencing, storage or parking areas, and how are the facilities distinct?
- v. What will be the construction agreements or arrangements and how are those agreements or arrangements distinct construction agreements?
- vi. What are the operating characteristics and will the facilities have distinct operating characteristics?
- vii. What will be the financing arrangements and how are the financing arrangements distinct?

(D) Criteria to be considered in determining the essential characteristics of all other facilities include but are not limited to:

- i. What is the purpose or end-use application of the facilities and how are those purposes or end-use applications distinct?
- ii. What are the applicable permits, licenses or site certificates and how are they distinct?

CASE: UE 199  
WITNESS: Lisa Schwartz

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 602**

**Exhibits in Support  
of Surrebuttal Testimony**

**August 13, 2008**

the Need for Power Standard. The exemption was available for an electric generating project with a total capacity of less than 500 megawatts. Klamath Cogen project won the competition and was awarded the exemption based on its proposed carbon dioxide offset projects, which were to be implemented. Klamath Cogen did not meet their carbon dioxide emission offset commitment, which was to supply waste heat in the form of steam to a nearby steam host (client), as required by site certificate conditions. To make up the difference, the Council approved a "true-up" payment to the Climate Trust.

Mr. Burnett discussed new initiatives, which included the establishment of the National Climate Trust, which was formed in August of 2007.

Bob Shiprack asked about the "cap-and-trade", which led to more discussion. Bryan Wolfe stated that with respect to offset and energy costs, consumers are the ones that end up paying, not the companies themselves. Mr. Burnett further discussed projects and their cost/benefit ratios.

Chair Ripma asked if any members of the public would like to speak.

David Niekirk introduced himself and asked about offsetting the CO2 excess from the gas plants. Mr. Burnett stated that any gas plants sited in Oregon would be going through the process discussed, including the requirement for offset payment.

This being Chair Ripma's final Council meeting, he reviewed his past years of service and representing the citizens of Oregon. He said the Department of Energy has given much support.

#### **(Lunch Break)**

Suzanne Leta Liu, Renewables Northwest Project Consumer Policy Advocate, introduced herself. She stated that their organization works to promote environmentally responsible renewable energy in the northwest. She discussed goals and procedures they follow to help consumers.

#### **C. Defining Separate Wind Projects**

Tom Stoops, Council Secretary, referred to the map given to Council members showing jurisdictional projects sited by EFSC and also sub-jurisdictional projects sited by the local county land use process. He also discussed the Department's new guidance document listing fifteen "Questions for Determining When Energy Projects are Separate Projects" ("Questions"), which staff have been using to determine an applicant's jurisdiction (i.e., county or state).

John White, Oregon Department of Energy (ODOE), stated that this is being brought to the Council's attention because, although being used as guidance, it is a question of policy. ODOE staff is not supposed to make policy, only carry out policy that EFSC sets.

For the time being, however, staff is using the "Questions" as guidance to assist in the review process and to determine jurisdiction.

Mr. White explained the background of the "Questions" and why there is a concern. State policy requires that development of energy facilities must protect the environment. Impacts must be mitigated. The process begins by determining applicant jurisdiction. In 2001, the Legislature raised the jurisdictional threshold for Siting Council jurisdiction of wind-powered energy facilities from 25 megawatts average to 35 megawatts average (105 megawatts peak). This meant that some wind facilities no longer received the scrutiny of the Siting Council. The Stateline facility is an example of a project that would not have been under EFSC jurisdiction under the new legislation. Jurisdiction that is outside of EFSC jurisdiction ("sub-jurisdictional") is usually reviewed by counties, using local land-use laws. Counties have different considerations, however, and issues of local interests. Their focus is on their land use standards, as opposed to EFSC review in which land use is only one of the standards used.

In 2005, a request for expedited review was received for the Klondike III facility. Klondike I, which consisted of 16 turbines in Sherman County, had been permitted by the county and was up and operating. Klondike II also had been permitted by Sherman county and was under construction. One of the first questions ODOE staff had to answer when the request for expedited review was received for Klondike III was whether Klondike III should be treated as a separate facility. To help answer this question, the list of fifteen questions was compiled.

Subsequently, there have been a number of cases where a sub-jurisdictional facility existed and the developer wanted to build a second sub-jurisdictional facility next to it, geographically. Developers asked whether these fifteen questions might be used to find that the two facilities are separate.

This scenario is an issue because if the two sub-jurisdictional projects are combined as one facility, that "complex" would need an EFSC site certificate. If they are treated separately, each 104-megawatt facility, standing by itself, is below EFSC jurisdiction, and both energy facilities avoid the requirement for site certificate.

Mr. White stated there are a number of these requests before ODOE right now. Staff has discussed this as a policy question. Are these the right questions, or should other questions be asked? Staff needs to know what latitude should be given to allow two sub-jurisdictional projects, being developed by the same corporate parent next to each other. If the fifteen questions and answers find that the geographically-related projects are one facility, a site certificate is required and if not, the developer needs to show that the finding is incorrect.

Mr. White referred to the list of facility projects each Council member received in their packet and pointed out that there are more facilities being developed that are not under EFSC jurisdiction than are under EFSC jurisdiction.

Chair Bob Shiprack asked if there were any questions. Lori Brogoitti asked whether the 15 questions were in rule or whether they were a working document. Mr. White stated this is not rule, it is a working document.

(Martha Dibblee commented – could not hear on recording)  
(Also had trouble hearing any comments of Chair Bob Shiprack)

Jan Prewitt stated that from a legal standpoint, by the Staff, potential rulemaking needs to be considered at some point. Ms. Prewitt further stated that to what extent, if Council adopts policy, that policy needs to be promulgated through rulemaking with opportunity for notice and comment.

Bryan Wolfe raised a concern about the cumulative effects of the wind projects and suggested that the issue of cumulative effects could drive the Council's direction.

Lori Brogoitti asked if the issue is only for wind projects, or if there are similar issues with non-jurisdictional facilities for are ethanol or some other type of facility. Tom Stoops said that right now the focus is wind, because the ethanol facilities tend to be industrial facilities that go through the exemption process.

Martha Dibblee asked if a question sixteen will be added to the list concerning cumulative effects since this has been discussed extensively over the last few years.

Mr. White stated that part of the problem is that cumulative effects are not known unless comparable impact data has been collected. If projects are not going through EFSC jurisdiction they don't have the same studies conducted or reports to compare.

Chair Bob Shiprack asked if there were any public comments.

Jesse Gronner, PPM Energy, introduced himself. He stated he was the developer involved with Klondike III and these questions were posed at that time. As projects are planned, each will be reviewed against the fifteen questions to help determine whether they are subjurisdictional (separate projects) or within EFSC jurisdiction.

Dave Filippi, Attorney with Stoel Rives, representing PPM, introduced himself. As a broad overview, even if there are two projects side by side and the parent company is PPM, those projects are owned by different LLCs. There are separate power purchase agreements for each project and each project can operate on its own. He further stated that in answering the question of whether each can be operated separately, and are not dependent on one another, the view is that those projects can be permitted separately.

Mr. Filippi referred to Ms. Dibblee's comment about adding question sixteen to cover cumulative impacts and stated that it is a question worth inquiry; it doesn't have anything to do with jurisdiction, however, since the projects could be permitted separately.

Lori Brogoitti commented that some sub-jurisdictional facilities have the look of being an attempt to subvert the EFSC process and asked what PPM (and others) was doing to alleviate that.

Mr. Filippi replied that projects being planned as stand alone do have cumulative impacts looked at in a county process. He said that developers might choose to go through the EFSC process if a wind project had significant local opposition.

Lori Brogoitti commented that it does look like there is an effort to avoid EFSC jurisdiction. Mr. Filippi replied that the question of jurisdiction is a legal threshold.

Sara Parsons, Biologist with PPM, discussed some of the work they are doing to protect the environment. She also noted that PPM is a member of the Oregon-Washington Task Force to look at cumulative impacts.

Jesse Gronner said that if you look at question 15, "What other information would support a conclusion that the proposed project would be a separate wind energy project and not an expansion of a nearby wind energy project? In what other ways would the projects be operated or otherwise treated as separate projects...", PPM has addressed the issue to show that they have exceeded the minimum requirements, and they expect other applicants to do so also.

Chair Shiprack asked for further comments.

Jesse Gronner said he wanted to comment regarding Sara's remarks. He stated there is incentive to meet or exceed the EFSC standard whether sub-jurisdictional or not because at some time in the future the project might expand to exceed the EFSC threshold (i.e., 35 Mw average and 105 Mw peak). This is part of the reason PPM wants a project that can withstand the Council's review at any time.

Chair Shiprack commented about legislative decisions on jurisdiction.

John White said he didn't feel the legislators were faced with the question whether the same corporate developer wanted to build two 104-megawatt facilities right next to each other.

Mr. White also stated he doesn't agree that the same level of scrutiny or work goes into a conditional use permit application as a site certificate application. If you will do the same amount of work anyway, why not get a site certificate to begin with then a new permitting process will not be necessary if expansion or amending is in the future.

Adam Bless, Oregon Department of Energy, said a real life illustration between an EFSC project and a sub-jurisdictional project is the Cascade Wind Project. The scenic and aesthetic standard is a concern with this project, being hundreds of yards away from a

national scenic area, but not in the scenic area. The EFSC scenic and aesthetic standards allows for consideration of an adverse impact for the facility near the scenic area. The Columbia Gorge Commission, which would be the sub-jurisdictional authority, has stated they do not have authority outside their boundaries. This is a protection that EFSC can offer but the Columbia Gorge Commission could not.

Tom Stoops talked about more information becoming available that will be distributed to Council members. He also referred to Sara Parson's comments on the studies of birds and bats and that as soon as those guidelines are available they also will be distributed.

Mike Haglund noted that the Cascade Wind project has a capacity of 60 megawatts, and asked why it is under EFSC jurisdiction.

Adam Bless answered by saying that Wasco County's land use and zoning ordinance limits their jurisdiction to 25 megawatts, so anything above that falls to EFSC by default.

Mr. Bless also mentioned that another difference between an EFSC project and a non-EFSC project would be the noise standard. The Department of Environmental Quality (DEQ) has noise standards that apply to all industrial facilities, whether they are EFSC jurisdictional or not. DEQ noise standards are enforceable by EFSC for EFSC jurisdictional facilities, and by the county for sub-jurisdictional facilities. Applicants for a site certificate are expected to do noise studies. Staff has available a noise consultant, one of the best in the state, who does an independent study, rather than relying on the applicant's noise study. Most counties do not have the resources to independently check the applicants' noise studies. The EFSC process provides extra assurance that DEQ standards will be met.

#### **D. Transmission Update**

Adam Bless presented a slide presentation discussing transmission lines. The following highlights were discussed:

Transmission Lines Under EFSC Jurisdiction: Lines that are 230 kV or more and 10 miles or more long; lines within 500 feet of an existing right of way (ROW) of a large line (230 kV) are exempt, which is a time honored principal that the legislature and land use agencies have used to encourage builders to use existing ROW to the extent possible. Lines under EFSC can include *interstate* and *intrastate*, unlike natural gas pipelines that EFSC only handles as *intrastate*.

No EFSC lines sited in 20 years: Other than Bonneville Power Administration (BPA) there have been no major transmission lines constructed in Oregon in the last 20 years. Part of the reason EFSC doesn't site much is because so much of it is BPA and they are a federal agency; the state does not have jurisdiction. The real barrier in building transmission lines though is the cost – 1½ million dollars per mile. Also, there is a challenge to define need in a regional market.

CASE: UE 199  
WITNESS: Lisa Schwartz

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 603**

**Exhibits in Support  
Of Surrebuttal Testimony**

**August 13, 2008**

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# OREGON ENERGY FACILITY SITING COUNCIL

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*David Ripma, Chair*  
*Lori Brogotti*  
*Robert Shiprack*  
*W. Bryan Wolfe*  
*Cheri Davis*

*Martha Dibblee, Vice-Chair*  
*Jacob Polvi*  
*David Tegart*  
*Michael Haglund*

Staff/603  
Schwartz/1

## AGENDA

### Energy Facility Siting Council

April 18, 2008  
10:00 am

Troutdale City Hall, Council Chamber  
104 SE Kibling Avenue  
Troutdale, OR 97060

#### **I. Consent Calendar:**

A. Announcements and Introductions

#### **II. Action Items:**

- A. Approval of 11-16-07 Minutes
- B. Approval of 12-18-07 Minutes
- C. Election of New Siting Council Chairman

#### **III. Information Items:**

- A. Top 10 Things Public Officials Should Know & Top 10 Myths About New Ethics Laws
- B. Oregon Climate Trust Annual Report
- C. Defining Separated Wind Projects
- D. Transmission Update
- E. Project Update

#### **Public Comment**

The Council Chair generally opens the floor to the public during its meeting separate from specific agenda items. There will be opportunities to comment at the end of the meeting. Please be advised, if there is a lot of public participation, the Council chair may choose to limit the public comment to a specific amount of time per person.

Anyone may ask the Council formally to address relevant issues at future meetings. To ask the Council to address an issue call or write:

Tom Stoops	Toll-Free: 1-800-221-8035
Nuclear Safety & Energy Siting Division	In Salem: (503) 378-8328
Oregon Dept. of Energy	<a href="http://egov.oregon.gov/ENERGY/SITING/index.shtml">http://egov.oregon.gov/ENERGY/SITING/index.shtml</a>
625 Marion Street NE	
Salem, Oregon 97301-3737	

Be sure to include information about why the issue should be on the agenda. Your request should be in writing and must be received at least 14 days before the Council meeting at which you wish the issue to be considered.

#### **TENTATIVE UPCOMING EFSC MEETINGS:**

May 2008

American Disabilities Act: Reasonable accommodations will be made upon request. Please contact us at least 72 hours before the meeting. Call Jill Hendrickson at 503-378-5053; Fax 503-373-7806, or Oregon Toll-Free 1-800-221-8035.

# OREGON ENERGY FACILITY SITING COUNCIL

*Robert Shiprack, Chair  
Lori Brogoitti  
W. Bryan Wolfe  
Cheri Davis*

*Martha Dibblee, Vice-Chair  
Jacob Polvi  
Michael Haglund*

## **AGENDA** Energy Facility Siting Council

Staff/603  
Schwartz/2

May 15, 2008, 1:30 pm

Oregon State Office Building, Portland  
800 NE Oregon St.  
Portland, OR  
Conference Room 1E

### **I. Consent Calendar:**

A. Announcements and Introductions

### **II. Information Items:**

A. Legal Background Review

B. Discussion of Issues Surrounding Sub-jurisdictional Renewable Facilities & Energy Generation Areas

C. County Development Input

### **III. Action Items:**

A. Rulemaking Authorization Decision

### **Conference Room 1E Location**

Enter Oregon State Office Building in Portland from main first floor entrance. At front door turn left, and proceed to the end of the hallway. The conference room is the last room on the left-hand side.

### **Call-in Service**

Call in number: 888-830-6260

Participant Code: 657965

### **Public Comment**

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Tom Stoops

Nuclear Safety & Energy Siting Division

Oregon Dept. of Energy

625 Marion Street NE

Salem, Oregon 97301-3737

Toll-Free: 1-800-221-8035

In Salem: (503) 378-8328

<http://egov.oregon.gov/ENERGY/SITING/index.shtml>

Be sure to include information about why the issue should be on the agenda. Your request should be in writing and must be received at least 14 days before the Council meeting at which you wish the issue to be considered.

### **TENTATIVE UPCOMING EFSC MEETINGS:**

May 30, 2008

American Disabilities Act: Reasonable accommodations will be made upon request. Please contact us at least 72 hours before the meeting. Call Jill Hendrickson at 503-378-5053; Fax 503-373-7806, or Oregon Toll-Free 1-800-221-8035.

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# OREGON ENERGY FACILITY SITING COUNCIL

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*Robert Shiprack, Chair*  
*Lori Brogoitti*  
*W. Bryan Wolfe*  
*Cheri Davis*

*Martha Dibblee, Vice-Chair*  
*Jacob Polvi*  
*Michael Haglund*

## **AGENDA**

### **Energy Facility Siting Council**

Staff/603  
Schwartz/3

**May 30, 2008**  
**8:30 am – 4:30 pm**

**Mountain Room**  
**Hood River Inn**  
**Hood River, OR**

#### **I. Consent Calendar:**

A. Announcements and Introductions

#### **II. Action Items:**

- A. Approval of 04-18-08 Minutes
- B. Mist Storage Amendment #10
- C. Confirmation of Sub-jurisdictional Facility Criteria

#### **III. Information Items:**

- A. Shepherds Flat First Reading (**No** further public comment will be taken at the meeting)
- B. National Energy Conference information (Jan Prewitt)

#### **Public Comment**

The Council Chair generally opens the floor to the public during its meeting separate from specific agenda items. There will be opportunities to comment at the end of the meeting. Please be advised, if there is a lot of public participation, the Council chair may choose to limit the public comment to a specific amount of time per person.

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Tom Stoops	Toll-Free: 1-800-221-8035
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625 Marion Street NE	
Salem, Oregon 97301-3737	

Be sure to include information about why the issue should be on the agenda. Your request should be in writing and must be received at least 14 days before the Council meeting at which you wish the issue to be considered.

#### **TENTATIVE UPCOMING EFSC MEETINGS:**

June-July 2008

American Disabilities Act: Reasonable accommodations will be made upon request. Please contact us at least 72 hours before the meeting. Call Jill Hendrickson at 503-378-5053; Fax 503-373-7806, or Oregon Toll-Free 1-800-221-8035.

CASE: UE 199  
WITNESS: Lisa Schwartz

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 604**

**Exhibits in Support  
Of Surrebuttal Testimony**

**August 13, 2008**

UE-199/PacifiCorp  
August 6, 2008  
OPUC Data Request 90

Staff/604  
Schwartz/1

**OPUC Data Request 90**

Please provide the basis for the assumed third-party leasing costs in the workpapers provided by Mark R. Tallman (e.g., \$371,250 per month in 2009) and referenced in PPL/400, Tallman/10, Lines 11 through 17. If the assumed cost is based on actual third-party leasing costs PacifiCorp is incurring, please provide supporting documentation.

**Response to OPUC Data Request 90**

Please refer to Section 6.2.1 and Section 6.2.2 in Confidential Attachment OPUC 90. Mr. Tallman's workpapers are in error; which led to an error in Mr. Tallman's testimony. The Company will submit an errata correction for PPL/400, Tallman/10.

**OREGON**

**2009 TAM**

**UE-199**

**PACIFICORP**

**OPUC DATA REQUEST (90)**

**CONFIDENTIAL (LEVEL YELLOW)  
ATTACHMENT OPUC 90**

**ON THE ENCLOSED CONFIDENTIAL CD**

Staff/604  
Schwartz/ 3-5

Pages 3 through 5 have confidential information.

You must have signed the protective order in this docket in order to view these pages.

UE-199/PacifiCorp  
August 12, 2008  
OPUC Data Request 93

**OPUC Data Request 93**

Please provide land leasing costs for the Seven Mile Hill project and provide supporting documentation.

**Response to OPUC Data Request 93**

Please refer to Confidential Attachment OPUC 93 for the requested information. This confidential information is provided subject to the terms and conditions of the protective order in this proceeding.

**OREGON**

**2009 TAM**

**UE-199**

**PACIFICORP**

**OPUC DATA REQUEST (93)**

**CONFIDENTIAL (LEVEL YELLOW)  
ATTACHMENT OPUC 93**

**ON THE ENCLOSED CONFIDENTIAL CD**

Staff/604  
Schwartz/ 8-15

Pages 8 through 15 have confidential information.

You must have signed the protective order in this docket in order to view these pages.

**CERTIFICATE OF SERVICE**

**UE 199**

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 13<sup>th</sup> day of August, 2008.



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Regulatory Operations  
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**UE 199  
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