

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**REPLY COMMENTS OF PACIFICORP (U 901 E)
ON ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS ON
PROCUREMENT EXPENDITURE LIMITATIONS FOR THE RENEWABLES
PORTFOLIO STANDARD PROGRAM**

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Pursuant to the January 24, 2012 Administrative Law Judge’s Ruling Requesting Comments on Procurement Expenditure Limitations for the Renewables Portfolio Standard Program (ALJ Ruling), PacifiCorp (U-901-E), d.b.a. Pacific Power (PacifiCorp or Company) hereby submits the following reply comments responding to opening comments on various issues in the ALJ Ruling.

I. A Uniform Approach For Any Procurement Expenditure Limitation May Negatively Impact PacifiCorp’s Limited Number of California Customers.

A number of parties suggest in their opening comments that the expenditure limitation methodology should be the same for all investor-owned utilities (IOUs). Without the benefit of an actual proposed methodology, PacifiCorp believes that it is simply premature to draw a conclusion that the same methodology should be applied to all IOUs. This notwithstanding, it is very likely that, given the differences between PacifiCorp and the other California IOUs,¹ it will

¹ As noted in its opening comments, Senate Bill No. 2 of the California Legislature’s 2011 First Extraordinary Session (SB 2 (1X)) allows PacifiCorp as a multi-jurisdictional utility (MJU), to use its comprehensive Integrated Resource Plan (IRP) in lieu of submitting an RPS procurement plan. PacifiCorp is also not subject to the same contract approval process as other IOUs. Additionally, unlike California’s three largest IOUs, PacifiCorp is not currently subject to the least-cost best-fit (LCBF) determination methodology as it uses its IRP process to determine procurement.

simply not make sense to apply the same methodology to PacifiCorp as the other IOUs. An attempt to apply the same methodology to PacifiCorp as that utilized for the other IOUs would likely include elements irrelevant to PacifiCorp's procurement processes. As one example, because PacifiCorp generally does not submit contracts to the Commission for approval and does not use a LCBF methodology, any limitation methodology that uses such factors would need to be revised to reflect PacifiCorp's unique status. As another example, PacifiCorp uses its comprehensive six-state IRP in lieu of submitting an RPS procurement plan. Further, because unlike the other IOUs PacifiCorp's procurement costs are allocated across six-states, the expenditure limitation methodology applied to PacifiCorp would need to be different in order to take this unique situation into account.

PacifiCorp's fundamental concern with the application of a uniform approach is rooted in its desire to minimize an administrative burden that has the potential to materially disadvantage its approximately 45,000 California customers relative to California customers of other utilities. As such, PacifiCorp reiterates its position in opening comments that it will be simpler, more effective, and better for PacifiCorp's customers if the Commission were to establish an expenditure limitation for PacifiCorp by leveraging PacifiCorp's existing RPS procurement expenditure limitations already applied in other PacifiCorp jurisdictions. This will not only reduce the administrative costs to PacifiCorp (which otherwise would be spread over the small number of PacifiCorp's customers in California) and the Commission associated with the development and application of a new and separate methodology specific to PacifiCorp and its California renewable procurement, but will avoid complications that may arise if PacifiCorp reaches or exceeds an expenditure limitation in one state but not another.

PacifiCorp is not the only party supporting a limitation that reflects the unique characteristics of individual utilities. Bear Valley Electric Service (BVES) and California Pacific Electric Company (CalPeco), the Center for Energy Efficiency and Renewable Technologies (CEERT), and the Green Power Institute (GPI) all support recognizing the individual characteristics of different utilities when applying any limitation to a utility.² Additionally, even those parties that support a uniform limitation methodology generally acknowledge that utility-specific input is needed to determine any procurement expenditure limitation. For example, the Independent Energy Producers Association (IEP), Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Sierra Club California, and The Utility Reform Network (TURN) all agree that individual utility inputs should be considered and factored into any limitation.³

II. Specific Proposals for a Uniform Methodology and Proposed Ranges of Acceptable Rate Impacts Should Not Overly Influence Any Ultimate Limitation Adopted by the Commission.

PacifiCorp understands that the ALJ Ruling was not requesting quantitative proposals or models for an expenditure limitation methodology. As such, PacifiCorp did not offer such proposals or models in its opening comments. Comments from parties that provided too much specificity and went above and beyond the ALJ Ruling's questions and outlined quantitative elements for a potential cost limitation mechanism should not be given any weight at this time until all parties are allowed to provide comments on a specific structure.⁴ As such, PacifiCorp requests the Commission not consider any specific quantitative proposals made in opening

² See BVES/CalPeco Comments, pp. 4-5; CEERT Comments, p. 8; GPI Comments, p. 2.

³ See IEP Comments, pp. 9-10; PG&E Comments, p. 4; SCE Comments, p. 5; SDG&E Comments, pp. 3-4; Sierra Club California Comments, p. 1; TURN Comments, p. 1.

⁴ See IEP Comments, pp. 7, 13; California Wind Energy Association Comments, pp. 14-15.

comments so as to avoid prejudicing those parties that did not propose such quantitative proposals in accordance with the ALJ Ruling.

III. The Cost Limitation Must Function as a Firm Cap on Procurement Expenditures.

PacifiCorp agrees with PG&E and SCE that any adopted limitation must serve as a firm cap on procurement expenditures.⁵ Stated differently, once the cost limitation is reached, a utility should be excused from any obligation to procure additional renewable generation and should be deemed in compliance with the statutory RPS procurement obligations. Public Utilities Code Section 399.15(c) describes the “limitation for each electrical corporation on the procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard.” The clear language of the statute provides for a “limitation” on RPS “procurement expenditures.” The only way to interpret such language is to treat any adopted limit as a cap on procurement expenditures. Similarly, Section 399.15(e)(1) specifically describes the Commission report to the Legislature that will assess “whether each electrical corporation can achieve a 33-percent renewables portfolio standard by December 31, 2020, and maintain that level thereafter, *within the adopted cost limitations*” and describes the limitation as a “cap.”⁶ Again, the only way to interpret this clear statutory language is to treat any adopted limitation as a cap on expenditures for RPS generation.

The Commission must reject suggestions that the procurement expenditure limitation “represents a guideline rather than an immutable cap on expenditures.”⁷ As described above, the limitation is intended to function as an actual limit on procurement expenditures, and treating it as merely a guideline is not only contrary to SB 2 (1X), but will make any adopted limitation

⁵ See PG&E Comments, p. 2; SCE Comments, p. 3.

⁶ Emphasis added.

⁷ IEP Comments, p. 2.

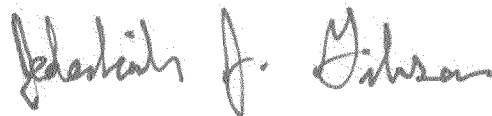
meaningless. Therefore, the Commission must treat any limitation as a firm cap on RPS procurement expenditures.

IV. Conclusion.

For the reasons described above and in PacifiCorp's opening comments, the Commission must recognize the unique characteristics of PacifiCorp and allow PacifiCorp to minimize administrative costs for a California-only mechanism by using the existing RPS cost limitation mechanisms it already applies in other jurisdictions for purposes of compliance with California's RPS expenditure limitation requirement.

Dated: March 1, 2012

Respectfully submitted,



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VERIFICATION

I am the attorney for PacifiCorp, dba Pacific Power (PacifiCorp); PacifiCorp is absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 1, 2012 at Sacramento, California.



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