

NOTES FROM MULTI-STATE MEETING ON SRP

On December 13th, representatives from 5 states (Idaho, Oregon, Utah, Washington, and Wyoming) met to check interest in a multi-state forum that might address problems PacifiCorp has raised in its SRP filing. A number of participants video-conferenced in from Salt Lake City, and others joined by phone. Representatives of PacifiCorp participated in the session and facilitated using an agenda drafted by members of the Utah DPU.

Attendees' Hopes and Fears

Attendees began the session by exploring hopes and fears for a possible multi-state forum to address problems raised in PacifiCorp's SRP filing.

1. Hopes for a Multi-State Forum
 - The process is different from PITA, with provision for feedback from state commissioners and due process for resolution in the states
 - The process resolves the issues raised in SRP
 - The process begins a dialog leading to viable solutions
 - Information sharing leads to a better solution
 - SRP goes away because PacifiCorp's problems are resolved
 - Participants gain an understanding of state perspectives on SRP issues
 - Participants provide PacifiCorp with input for solutions states can support
 - Participants develop alternatives that could go to commissions for decisions
 - PacifiCorp suspends SRP so discussions are productive [addition]
 - Discussions are so productive, PacifiCorp suspends SRP
 - The common understanding resulting from information sharing helps the SRP dockets move along
 - Problems are solved to everyone's advantage
 - Discussions result in a common understanding of the nature of the problem
2. Fears about a Multi-State Forum
 - The regional process is burdensome, because it focuses on decision making rather than information sharing
 - The process is too limited, focusing only on a subset of the problems
 - State interests are subordinated to region interests
 - The process faces legal hurdles because SRP dockets are already underway
 - The process breaks down because of state vs. state interests
 - The process repeats PITA's problems with decision making and cost

- The process takes so long that it chews up resources and isn't useful in preparing for the docket

3. Informal Criteria for Solutions

In the course of the discussion on hopes and fears, a number of informal criteria for solutions emerged, mentioned by one or more participants but not endorsed by the group.

- Customer risks are minimal
- System benefits are preserved
- States retain jurisdiction, autonomy
- Solutions are durable, enforceable
- Solutions don't adversely affect individual states

Problems That Could be Addressed by Multi-State Forum

The following are problems raised in PacifiCorp's SRP filing and mentioned by some attendees as within scope for a multi-state forum. Formal scope was not set.

1. Impact of Oregon SB1149
2. Cost and benefit allocation for new resources
3. Allocation of existing resources, including assets and special contracts

PacifiCorp's Definition of Durability

Some attendees asked PacifiCorp representatives to elaborate on the meaning of "durability" as a criterion for solutions developed within a multi-state forum.

1. PacifiCorp is looking for certainty around the opportunity to collect 100% of costs, not a guarantee of cost recovery
2. PacifiCorp is pursuing durability in three areas:
 - Allocation of rate base
 - Allocation of new resources to meet load requirements
 - Valuation of assets affected by a state's direct access policy, to be recognized by all states
3. PacifiCorp believes that for agreements or processes to be durable, they must be enforceable

State-by-State Policy for Resource Additions

A representative from each state summarized informally his or her state's current and expected policies on IRP and resource additions.

Policy Question	Idaho	Oregon	Utah	Washington	Wyoming
1. IRP process	Formal, but loose state IRP process, including 3 utilities	May be no need in future	PacifiCorp system IRP process	PacifiCorp system IRP process	No formal IRP process, new large additions require certificate application
2. Least cost for state or system	Unclear going forward (with focus more on resource costs, less on environment)	N/A	System	System	Unclear going forward (system, historically)
3. Ratemaking for new resources	Rolled In	At market *	Rolled In	Modified Accord (same as Rolled In for new resources)	Rolled In
4. New resources subject to prudence review	Yes	?	Yes	Yes	Yes, can be investigated in course of certificate application
5. Technology rule-outs or preferences	No	No	No (want more focus on DSM, peak mgmt.)	No	No

* By law, resources to serve new Oregon load will be included in rates at market price. Details of this policy are still under discussion:

- Market prices could be set according to indices or somehow related to PacifiCorp purchases for other purposes
- Market pricing could begin immediately or be phased in depending on decisions about stranded costs/benefits
- An interim contract approach, with prices set between market and cost of service, is under consideration

States' Willingness to Participate in Multi-State Forum

Each state signaled willingness to participate in a multi-state forum that might address problems raised in PacifiCorp's SRP filing, given 5 possible purposes.

Multi-State Forum Purpose	Idaho	Oregon	Utah	Washington	Wyoming
1. Share information	OK	OK	OK	OK	OK
2. Agree on problem definition	OK	OK	OK	Appreciate, not agree	OK
3. Agree on set of alternative solutions, to go to state commissions (no recommendation)	OK	OK	OK	No	No
4. Provide input on solutions states can support	?	OK	?	?	?
5. Agree on multi-state resolution to problems	?	?	Only if a set of non-consensus state deals	No	No

Process to Design Multi-State Forum

Given states' willingness to participate in at least one meeting of a multi-state forum to share information, attendees agreed on a process to design the next meeting.

1. Design Process
 - Teleconference call before December 21
 - 1 participant from each state plus PacifiCorp
 - Team: Terry Carlock (ID), Bryan Conway (OR), Judith Johnson (UT, Organizer), Tom Schooley (WA), Denise Parish (WY), Robin Furness (PacifiCorp)
 - Design team will circulate agenda for next meeting for comment
2. Preferences for Future Meeting (s)
 - Agenda will describe information to be shared so participants can prepare and e-mail material prior to meeting
 - Meeting will include video link between Portland and SLC, with teleconference line