

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Consider Smart Grid Technologies Pursuant to Federal Legislation and on the Commission's Own Motion to Actively Guide Policy in California's Development of a Smart Grid System.

Rulemaking 08-12-009
(Filed December 22, 2008)

COMMENTS OF PACIFICORP (U-901-E) TO ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON PROPOSED POLICIES AND FINDINGS PERTAINING TO THE SMART GRID POLICIES ESTABLISHED BY THE ENERGY INFORMATION AND SECURITY ACT OF 2007, ISSUED SEPTEMBER 28, 2009

INTRODUCTION

PacifiCorp, d.b.a. Pacific Power, ("PacifiCorp" or "Company") respectfully submits the following comments in response to the *Assigned Commissioner and Administrative Law Judge's Joint Ruling Inviting Comments on Proposed Policies and Findings Pertaining to the Smart Grid Policies Established by the Energy Information and Security Act of 2007*, issued September 28, 2009 ("Joint Ruling").

As recognized in the Joint Ruling, applicability of the Smart Grid standards established by the Energy Information and Security Act ("EISA") of 2007, codified at 16 U.S.C. §2621(d)(18) and (19), must be considered for *each* electric utility. (Joint Ruling, pp. 9-14.) The Commission may either implement the federal standards or "decline to implement any such standard." (16 U.S.C. §2621(c)(1); *id.* at pp. 12-13.) To appropriately consider the federal standards found under 16 U.S.C. §2621(d), the Commission must follow the procedural guidelines provided in 16 U.S.C. §2621(b). (Joint Ruling, pp. 11-13)

In an effort to comply with the procedures in 16 U.S.C. §2621(b), PacifiCorp takes this opportunity to reiterate its request for the Commission to decline to implement the EISA Smart Grid standards in PacifiCorp's California territory. PacifiCorp, therefore, supports the Joint Ruling's tentative conclusions declining to implement the federal Smart Grid standards for its territory.

COMMENTS

The Joint Ruling proposes to decline to adopt all of the proposed EISA requirements as they pertain to PacifiCorp. Specifically, the Joint Ruling indicates that requiring a utility to demonstrate that it considered Smart Grid investments before making any new investments in the grid is inconsistent with the purpose of the Public Utility Regulatory Policies Act ("PURPA"), which seeks to optimize the efficient use of facilities and resources by electric utilities and lead to equitable rates to electric consumers. (Joint Ruling, p. 22, *citing* 16 U.S.C. § 2611.) The Joint Ruling further notes that the small size and nature of the operations of PacifiCorp, Sierra Pacific, Mountain Utilities, and Bear Valley Electric make it inappropriate to impose such a requirement. *Id.*

PacifiCorp concurs with the Joint Ruling's proposal to decline to adopt the EISA requirements, including the requirement that a utility demonstrate that it considered Smart Grid investments before making any new investments in the grid. The Company also agrees that the small size and nature of the operations of PacifiCorp, Sierra Pacific, Mountain Utilities, and Bear Valley Electric make it inappropriate to impose these requirements.

As the Commission is aware, PacifiCorp is a multi-jurisdictional utility providing electric retail service to more than 1.6 million customers in California, Idaho, Oregon, Utah, Washington and Wyoming. PacifiCorp serves approximately 46,500 customers in Del Norte, Modoc, Shasta

and Siskiyou counties in Northern California. The California territory served by PacifiCorp is overwhelmingly non-urban, and PacifiCorp's California customers represent less than two percent of PacifiCorp's total system load. This territory is not a part of the California Independent System Operator's control area but is served by PacifiCorp's West Control Area, which includes portions of California, Oregon and Washington.

PacifiCorp has not installed or invested in smart meter or other smart grid equipment for its California territory, as to do so would not be cost effective. Because PacifiCorp is a multi-jurisdictional utility, it must consider the impact of modifications to its transmission and distribution system across its entire service territory, of which California is only a small portion. Furthermore, as already determined in this rulemaking, the nature of PacifiCorp's service territory and the characteristics of its customers justify excusing PacifiCorp from the mandatory participation that accompanied the Respondent status initially imposed on PacifiCorp in this rulemaking. (D. 09-07-039, p. 7.)

Based on the established characteristics of PacifiCorp's California territory and as discussed in the Joint Ruling, imposition of the EISA standards on PacifiCorp would be costly and inefficient for PacifiCorp's small California territory. For the same reasons that federal Smart Grid standards would impose costly measures for PacifiCorp's territory, any California-specific requirement for investments in advanced, and yet to be determined, transmission and distribution system modifications would unnecessarily burden PacifiCorp's customers. PacifiCorp therefore supports the tentative conclusions reached in the Joint Ruling declining to apply the EISA standards to its territory.

Additionally, if the Joint Ruling's tentative conclusions are adopted, PacifiCorp requests that it be excused from phase 2 of this proceeding. As D. 09-07-039 concluded, "PacifiCorp,

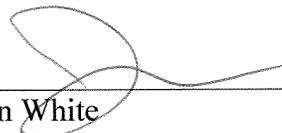
Sierra Pacific, Mountain Utilities, and Bear Valley Electric should be bound by a decision in this proceeding as it pertains to whether the Commission determines to implement or to decline to implement the federal standards added to 16 U.S.C. § 2621(d) by EISA § 1307(a) upon each utility.” (D. 09-07-039, p. 8 (Concl. of Law no. 5).) Accordingly, PacifiCorp requests to be excused from phase 2 of this proceeding if the Commission adopts the Joint Ruling’s tentative conclusions declining to implement the federal Smart Grid standards for PacifiCorp.

CONCLUSION

PacifiCorp supports the Joint Ruling’s conclusion to decline to implement the Smart Grid standards added by the Energy Information and Security act of 2007, and for the reasons given herein requests to be excused from phase 2 of Rulemaking 08-12-009.

Dated: October 26, 2009.

Respectfully submitted



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Certificate of Service

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this 26th day of October, 2009 provided via electronic mail or US Mail if an E-mail address has not been provided, a true and correct copy of the **Comments of PacifiCorp (U-901-E) to Assigned Commissioner and Administrative Law Judge's Ruling Inviting Comments on Proposed Policies and Findings Pertaining to the Smart Grid Policies Established by the Energy Information and Security Act of 2007, issued September 28, 2009** to the following parties:

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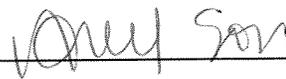
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