

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 48

In the Matter of)
Portland General Electric) STAFF'S COMMENTS
2009 Integrated Resource Plan)
)

Portland General Electric (PGE or Company) filed its 2009 Integrated Resource Plan (IRP), LC 48, with the Commission on November 5, 2009. The recommended portfolio within this IRP called for installation of extensive emissions control retrofits on the Boardman Power Plant, which would allow its continued service through 2040. In January, PGE requested and was granted a delay in the schedule to seek an alternative plan for the Boardman Plant, which resulted in the filing of an addendum on April 9, 2010. This alternative plan moved the shutdown of the Boardman Plant from 2040 to 2020. Staff continues to review PGE's IRP along with the alternative plan for Boardman, responses to data requests, the progression of pending state and federal environmental regulations and comments filed by parties as well as comments received from the general public.

While staff will not file final comments and a draft proposed order until July, the following is a high-level overview of staff's concerns, at this time, undergoing further analysis.

- Staff continues to review the Action Plan based on the Boardman through 2020 portfolio with concerns regarding the requirements to resolve contingencies stated in the LC 48 Addendum (*See Executive Summary/2*). For example, questions remain unanswered and clarity is needed with regard to defining what PGE means by "reasonable assurance" related to the resolution of its described contingencies. Potential bridging strategies are being evaluated by Staff, allowing for the possibility of alternative timelines, beyond PGE's deadline of March 31, 2011, to resolve these contingencies versus reverting back to Boardman through 2040.
- Staff continues to evaluate PGE benefit-cost analysis of investment in the proposed Cascade Crossing transmission project as compared to continuing to purchase transmission services through Bonneville Power Administration (BPA). Key areas of interest include long term transmission contract rates, the impact on PGE transmission topology and the economics surrounding an early closure of the Boardman Plant. Consideration continues to be given to PGE transmission cost

projections reflective of current component cost trends; and engineering, procurement and construction strategies.

- Staff continues to analyze input assumptions in multiple sections of PGE's 2009 IRP. Areas of ongoing concern focus on, but are not limited to:
 - After-tax nominal weighted average cost of capital used in modeling
 - Assumed inflation rate
 - Load growth (much higher than forecasted regional load growth)
 - Gas price forecasts (potentially too high, based on review of available market sources)

- Staff continues to investigate the following concerns related to PGE's risk analysis:
 - Methodology underlying the reliability analysis along with the reliability metrics used to rank portfolios
 - Calculation of expected net present value of revenue requirement (stochastic versus deterministic), and portfolio ranking including metrics and weights

Staff appreciates the time and efforts of the numerous parties participating in PGE's 2009 IRP, seeking the most reasonable resource plan for PGE customers and Oregon as a whole. Staff looks forward to reviewing parties' comments as we move forward through this process.

This concludes staff's comments.

Dated at Salem, Oregon, the 14th day of May, 2010.

A handwritten signature in cursive script, reading "Lisa Gorsuch", is written over a horizontal line.

Lisa Gorsuch
Utility Analyst
Electric & Natural Gas Division

CERTIFICATE OF SERVICE

LC 48

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 19th day of May, 2010



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