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March 16, 2010

***Via Electronic Filing and U.S. Mail***

Oregon Public Utility Commission

Attention: Filing Center

550 Capitol Street NE, #215

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**Re: LC 50**

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and one copy of:

- **PORTLAND GENERAL ELECTRIC COMPANY'S REPLY TO MOTION FOR CONTESTED CASE HEARING**

This is being filed by electronic mail with the Filing Center.

An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

*Denise Saunders BY CBM*

V. DENISE SAUNDERS  
Assistant General Counsel

VDS:cbm

Enclosures

cc: LC 50 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**DOCKET NO. LC 50**

<b>In the Matter of</b>  <b>IDAHO POWER COMPANY</b>  <b>2009 Integrated Resource Plan.</b>		<b>PGE’S REPLY TO MOTION FOR CONTESTED CASE HEARING</b>
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Pursuant to OAR 860-01-0050 and the Administrative Law Judge’s (“ALJ”) March 9, 2010 Ruling in this docket, Portland General Electric (“PGE”) submits this Reply to the Motion for Contested Case Hearing on Acknowledgement of Boardman-Hemingway Transmission Line in IPC Least Cost Plan submitted by Move Idaho Power and Nancy Peyron (collectively “MIP/Peyron”) on March 2, 2010. As discussed below, the Oregon Public Utility Commission (“Commission”) should deny the MIP/Peyron Motion. The Commission is not required to conduct a contested case proceeding on the inclusion of the Boardman to Hemingway (“B2H”) line in Idaho Power Corporation’s (“IPC”) Integrated Resource Plan (“IRP”) and should not do so because a contested case proceeding on one component of an IRP is contrary to the intent and nature of the Commission’s IRP process. Further, MIP/Peyron already have significant opportunity to participate and comment on whether the B2H line should be acknowledged as part of IPC’s IRP.

**I. The Commission is not Required to Hold a Contested Case Proceeding on the Inclusion of the B2H Line in IPC’s IRP**

There is no statute or rule requiring the Commission to hold a contested case proceeding on the inclusion of the B2H line in IPC’s IRP. MIP/Peyron do not suggest

otherwise. Rather, MIP/Peyron appear to argue that by considering an acknowledged IRP as evidence that the Energy Facility Siting Council (“EFSC”) need standard has been met, EFSC is circumventing a statutory requirement that EFSC conduct an energy facility siting proceeding as a contested case. MIP/Peyron request that the Commission conduct a contested case on the B2H line to cure the alleged deficiency in the EFSC statute. PGE does not believe that any such deficiency exists. However, even if it did, any deficiency in the EFSC statute should be addressed as part of the EFSC process. Moreover, as discussed below, a contested case proceeding on one component of an IRP could undermine the intent and integrity of the Commission’s IRP process. The Commission should not impair its IRP process to correct a perceived deficiency in another agency’s statute.

## **II. A Contested Case Proceeding on One Component of an IRP is Contrary to the Intent and Nature of the Commission’s IRP Process**

A contested case is intended to be a proceeding which determines the rights, duties or privileges of an individual. *See* ORS 183.310. An IRP acknowledgment process, by contrast, is intended to be a collaborative process by which parties both provide and receive information. *Re Least-cost Planning for Resource Acquisitions*, Docket UM 180, Order 89-507 at 3, 102 P.U.R.4<sup>th</sup> 301, (April 20, 1989) (“Order No. 89-507”). The IRP process does not determine the rights of any individual but rather is intended to lead to better resource planning and reduce the uncertainty regarding the rate-making treatment of a utility's acquisition of new resources. *See id.*

The integrated nature of resource planning is fundamental to the IRP process. The primary goal of IRP is the selection of a portfolio of resources with the best combination of expected costs and associated risks and uncertainties for the utility and its

customers. *In the Matter of Public Utility Commission Investigation Into Integrated Resource Planning*, Docket UM 1056, Order No. 07-002, Guideline 1(c), (Jan. 8, 2007) ("Order No. 07-002"). As the ALJ explained in the January 25, 2010 Prehearing Conference Memorandum issued in this docket: "The Commission generally does not address specific resources, but rather determines whether the utility has proposed a portfolio of resources to meet its energy demand that presents the best combination of cost and risk." Thus, any single resource is evaluated with regard to its role in the portfolio of resources that the utility will use to meet its energy demand.

Under this framework, the Commission considers transmission in various ways. First, the Commission considers generally the costs to the utility for the electric transmission required for each resource being considered. *Id.* at 13 (Guideline 5). If the resource being considered is itself an electric transmission facility, then the Commission takes into account the value of making additional purchases and sales, accessing less costly resources in remote locations, and improving reliability of the overall utility system. *Id.* In the case of the IPC IRP, the Commission will consider whether transmission in eastern Oregon is part of a reasonable approach for IPC to follow in meeting its future energy demands. Staff's Letter Clarifying Review of Idaho Power's 2010 IRP, Docket LC 50 (February 5, 2010). In other words, the individual transmission resource is considered from a systemic perspective: whether the transmission resource, when combined with the other resources in the utility's portfolio, achieves an adequate and reliable electricity supply with the best combination of cost and risk.

In addition to being inconsistent with the integrated nature of IRP, singling out one resource for a contested case hearing as part of the IRP process raises significant

procedural concerns. For example, it is unclear what standards would be used in conducting a contested case proceeding on the issue of the inclusion of a transmission line in an IRP; it is unclear how the results of the contested case proceeding would integrate with the timing of the comments and public hearings provided for under the Commission's IRP Guidelines; and it is unclear how the Commission's exclusive consideration of a transmission facility in a vacuum would advance the planning and integration of other resources, including generation resources (*e.g.*, the ability to provide renewable energy to customers). It is also unclear whether the time required for an independent contested case process (and the resolution of any resulting appeals) would allow for the utility to receive the guidance it needs in time to move forward with an IRP action plan.

For these reasons, it is contrary to the Commission's IRP guidelines, process and underlying policy to allow a separate contested case proceeding on a particular resource in the IRP process.

### **III. The Commission's IRP Guidelines Provide MIP/Peyron with Significant Rights to Participate in IPC's IRP Process**

Public participation is fundamental to the IRP process. The Commission adopted IRP (then called Least Cost Planning) in 1989 to allow the public as well as the Commission to participate in a utility's planning process at its earliest stages. Order 89-507 at 3. It was intended to be an "open and collaborative" process by which parties would both provide and receive information. *Id.* The Commission believed that broad participation at the beginning and at each decisive step of the planning process would enhance the quality of the information available to the decision-making utility and thus lead to better resource planning. *Id.* Accordingly, the Commission's rules allow several

opportunities for the public to participate in IRPs. The public is entitled to significant involvement in the preparation of the IRP including the right to review and comment on a draft IRP before a final plan is filed with the Commission. Guideline 2. The public is also entitled to submit written comments on the final IRP and to comment orally at public meetings held during the Commission's IRP review process. Guideline 3. We note also that MIP/Peyron have requested and been granted an additional public comment hearing in Ontario, Oregon. *See*, Prehearing Conference Memorandum, Docket LC 50 (March 5, 2010). Thus, there has been and will continue to be significant opportunity for MIP/Peyron to raise issues related to IPC's IRP. *See e.g.*, Staff's Letter Clarifying Review of Idaho Power's 2010 IRP, Docket LC 50 (February 5, 2010) ("*if any party believes that transmission in eastern Oregon should or should not be part of the plan Idaho Power is presenting, then that party should provide comments to support its position*"). The nature and extent of these opportunities are consistent with the intended purpose of public involvement in an IRP – which is to guide the utility's resource planning and not to determine the rights of any individual.

#### **IV. Conclusion**

The Commission should deny MIP/Peyron's request for contested case hearing on the inclusion of the B2H line in IPC's IRP. The Commission is not required to conduct a contested case proceeding and should not do so because a contested case proceeding on one component of an IRP is contrary to the intent and nature of the Commission's IRP

process. Further, MIP/Peyron already have significant opportunity to participate and comment on whether the B2H line should be acknowledged as part of IPC's IRP.

Respectfully Submitted,

*Denise Saunders BY csm*

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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **PGE'S REPLY TO MOTION FOR CONTESTED CASE HEARING** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. LC 50.

Dated at Portland, Oregon, this 16<sup>th</sup> day of March, 2010.

*Denise Saunders BY CSM*

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