

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 53

| | | |
|---------------------------------------|---|-----------------------------|
| In the Matter of |) | |
| |) | |
| In the Matter of IDAHO POWER |) | REPLY COMMENTS OF |
| COMPANY 2011 Integrated Resource Plan |) | THE CITIZENS' UTILITY BOARD |
| |) | OF OREGON |
| _____ |) | |

I. Introduction

CUB appreciates the opportunity to submit its Reply Comments on Idaho Power’s 2011 Integrated Resource Plan (IRP) and Staff’s Final Comments and Recommendations. Unfortunately CUB and Staff do not entirely agree on the final outcomes for this case, since Staff has stated that it “recommends that the Commission acknowledge Idaho Power’s 2011 IRP with revised Action Items as reflected below,” whereas CUB recommends that the Commission not approve the 2011 IRP at all.

II. CUB’s Response to Idaho Power’s Reply Comments

Idaho Power’s Reply Comments to CUB and other intervenors indicate that the Company is insistent upon having the current plan acknowledged by the Commission without any further analysis. Specifically, CUB has requested that Idaho Power conduct a unit-by-unit analysis of the Company’s coal plants that compares clean air compliance costs to the costs of plant retirement and replacement. Idaho Power has dismissed this request as “necessarily speculative” and claims that adequate information regarding clean

air compliance costs has been furnished to CUB through the discovery process.¹ In lieu of conducting the requested analysis the Company has instead suggested that it intends, as part of its 2013 IRP process, “to use third-party consultants, in conjunction with studies conducted by the operators of the coal plants as well as internally generated analyses to evaluate environmental compliance costs associated with its coal plants.”² Idaho Power hedges on this intention by stating that, “[a]t this time, Idaho Power anticipates that it will use these analyses as part of preparing its 2013 IRP.”³

While CUB appreciates Idaho Power’s slight nod towards providing this analysis, and understands the Company’s reluctance to forecast compliance costs for regulations that have yet to be finalized, significant investments in these facilities are already scheduled for each coming year, whether or not those regulations go into effect. This means that the Company needs to model these investments with and without the new regulations in place.

Idaho Power’s Reply Comments also suggest that it is premature to model changes to the Company’s transmission system that could result from early coal plant closures.⁴ CUB reiterates that, in the event that a unit-by-unit analysis of environmental compliance costs reveals that it is cost-effective to shut down one or more coal units earlier than scheduled, Idaho Power’s entire generation and transmission system will need to be reevaluated to achieve system optimization. While CUB does not disagree that the Boardman to Hemingway transmission line is part of the Company’s current optimal

¹ LC 53, Idaho Power’s Reply Comments, page 2. See also, LC 53, Idaho Power’s Reply Comments, page 4, “[a]ny further analysis would be of limited usefulness at this time as it would necessarily be based on speculation and conjecture and would add little value to the acknowledgement process for the Company’s 2011 IRP.”

² *Ibid*, page 5, lines 16-19.

³ *Ibid*, page 5, lines 19-20.

⁴ *Ibid*, page 7, line2 15-23.

transmission plan, significant changes elsewhere in the Company's generation portfolio may alter the current need for transmission along this route. This is another compelling reason that the Commission should delay acknowledgement of this IRP pending the Company's in-depth environmental cost analysis.

As noted above, Idaho Power's main argument against conducting a unit-by-unit analysis of its coal fleet is that a number of regulatory requirements affecting plant emissions have yet to be finalized. While this may be true for a few of the rules cited by the Company (CCR and NAAQS), the final MACT rule was published earlier this month and BART is finalized but awaiting state improvement plan approval. As such, Idaho Power should have a fairly firm idea of the impacts of these regulations on the cost of operating its fleet of coal plants and does not need to delay conducting a full analysis until the next IRP process.

The Company's confidential response to CUB Data Request 10 estimates that environmental compliance costs at its coal plants will run between \$ [REDACTED] and \$ [REDACTED] per year between 2010 and 2022.⁵ The 2010 and 2011 costs should now be known and the cost estimates for 2012 and 2013 must be relatively firm as needed equipment must have already been ordered and labor crews scheduled. By the time the 2013 IRP is filed and approved by the Commission another two years will have passed, and Idaho Power will have invested in two more years worth of sunk costs. For this reason the Commission should not permit the requested delay.

The time to conduct the necessary analysis and make decisions regarding the future of Idaho Power's coal fleet is now, in this 2011 IRP. Both of the other electric utilities under the Commission's jurisdiction, PGE and PacifiCorp, have extended their recent

⁵ CUB CONFIDENTIAL Exhibit A.

IRP schedules significantly to incorporate a full analysis of clean air compliance costs for their coal fleets. Until Idaho Power agrees to conduct such an analysis, CUB will continue to oppose the acknowledgment of an IRP containing plans for additional coal investments.

III. CUB's Response to Staff's Final Comments and Recommendations

CUB is disappointed by Staff's recommendation that the Commission acknowledge Idaho Power's IRP, but is encouraged by Staff's recommendation that the Company be required to include an in-depth analysis of environmental compliance costs in its 2011 IRP update.⁶ The description Staff provides of the required coal plant analysis is compatible with CUB's request, but the analysis needs to be required to be conducted prior to acknowledgement and not after acknowledgment.

Staff's recommendations on other issues in the IRP are sound, and CUB especially echoes Staff's concerns regarding the Company's load forecasts and the need for a revision of these forecasts in the 2011 IRP Update and in future IRPs.⁷ Nevertheless, CUB does not think that Idaho Power should be granted acknowledgment of any portion of the IRP until it has completed the requested coal studies. This means that while CUB does not object to Staff's recommendations per individual action item, CUB does not think that acknowledgment with conditions will spur the Company to do the necessary environmental compliance cost analysis. Staff's recommendations also ignore the fact that the results of that analysis would play into each of the already approved action items. It seems much better to CUB not to put the cart before the horse and to allow the horse (the environmental compliance cost analysis) to pull the cart (all other action items).

⁶ LC 53 Staff Final Comments and Recommendations, page 3, Action Item 11.

⁷*Ibid*, page 12.

IV. Conclusion

CUB respectfully requests that the Commission withhold acknowledgment of the 2011 IRP until Idaho Power performs the requested environmental compliance analysis of the investments at its coal plants. If the Commission is determined to acknowledge the 2011 IRP at this time, then CUB respectfully requests that the Commission require the Company to complete the environmental compliance analysis on or before February 1, 2012. CUB also respectfully requests that any acknowledgment of the IRP, in addition to having the compliance condition for the environmental compliance costs, also contain the other conditions recommended by Staff.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'G. Feighner', with a horizontal line extending to the right.

Gordon Feighner

January 3, 2012

**CUB EXHIBIT A IS CONFIDENTIAL
SUBJECT TO PROTECTIVE ORDER NO. 11-327**

LC 53 – CERTIFICATE OF SERVICE

I hereby certify that, on this 3rd day of January, 2012, I served the foregoing **REPLY COMMENTS OF THE CITIZENS' UTILITY BOARD OF OREGON** in docket LC 53 upon each party listed in the LC 53 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending an original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

W **THOMAS H NELSON**
PO BOX 1211
WELCHES OR 97067-1211
nelson@thnelson.com

W **NANCY PEYRON**
42659 SUNNYSLOPE RD
BAKER CITY OR 97814
nancypeyron@msn.com

W **OREGON DEPT. OF ENERGY**
C **VIJAY A SATYAL**
625 MARION ST NE
SALEM OR 97301
vijay.a.satyal@state.or.us

W **DANIEL W MEEK**
DANIEL W MEEK
10949 SW 4TH AVE
PORTLAND OR 97219
dan@meek.net

W **DEPARTMENT OF JUSTICE**
C **JANET L PREWITT**
1162 COURT ST NE
SALEM OR 97301-4096
janet.prewitt@doj.state.or.us

W **ESLER STEPHENS & BUCKLEY**
JOHN W STEPHENS
888 SW FIFTH AVE STE 700
PORTLAND OR 97204-2021
stephens@eslerstephens.com;
mec@eslerstephens.com

W **IDAHO POWER COMPANY**
CHRISTA BEARRY
PO BOX 70
BOISE ID 83707-0070
cbearry@idahopower.com

W **IDAHO POWER COMPANY**
MARK STOKES
PO BOX 70
BOISE ID 83707
mstokes@idahopower.com

W **MCDOWELL RACKNER GIBSON**
LISA F RACKNER
419 SW 11TH AVE., SUITE 400
PORTLAND OR 97205
lisa@mcd-law.com

W **MOVE IDAHO POWER**
MILO POPE
PO BOX 50
BAKER CITY OR 97814
milo@thegeo.net

W OREGON DEPT OF ENERGY
C HILLARY DOBSON
625 MARION ST NE
SALEM OR 97301
hillary.dobson@state.or.us

W PORTLAND GENERAL ELEC.
PATRICK G HAGER
121 SW SALMON ST 1WTC0702
PORTLAND OR 97204
pge.opuc.filings@pgn.com

W PORTLAND GENERAL ELEC.
BRIAN KUEHNE
121 SW SALMON ST 3WTC BR06
PORTLAND OR 97204
brian.kuehne@pgn.com

W PORTLAND GENERAL ELEC.
V. DENISE SAUNDERS
121 SW SALMON ST 1WTC1301
PORTLAND OR 97204
denise.saunders@pgn.com

W RENEWABLE NW PROJECT
MEGAN WALSETH DECKER
917 SW OAK, STE 303
PORTLAND OR 97205
megan@rnp.org

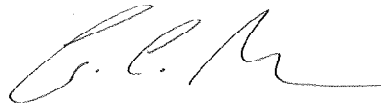
W RENEWABLE NW PROJECT
ADAM SCHUMAKER
POLICY ASSOCIATE
adam@rnp.org

W STOP IDAHO POWER
ROGER & JEAN FINDLEY
3535 BUTTE DR
ONTARIO OR 97914
rogerfindley@q.com

W OREGON PUBLIC UTILITY
C COMMISSION
ERIK COLVILLE
SR. UTILITY ANALYST
PO BOX 2148
SALEM OR 97308-2148
Erik.colville@state.or.us

W PUC STAFF--DEPARTMENT OF
C JUSTICE
STEPHANIE S ANDRUS, AAG
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
stephanie.andrus@state.or.us

Respectfully submitted,



G. Catriona McCracken, OSB #933587
General Counsel, Regulatory Program Director
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland OR 97205
(503) 227-1984 ph
(503) 274-2956 fax
Catriona@oregoncub.org