

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • mail@dvclaw.com
Suite 400
333 SW Taylor
Portland, OR 97204

January 10, 2014

Via E-mail and Federal Express

Public Utility Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Dr. SE
P.O. Box 1088
Salem OR 97302

Re: In the Matter of PACIFICORP's 2013 Integrated Resource Plan
Docket No. LC 57

Dear Filing Center:

Enclosed for filing in the above-referenced docket, please find the original and three (3) copies of the Final Written Comments of the Industrial Customers of Northwest Utilities.

Thank you for your assistance, and please do not hesitate to call with any questions.

Sincerely,

/s/ Jesse Gorsuch
Jesse Gorsuch

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the FINAL WRITTEN COMMENTS OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES upon all parties of record in this proceeding by sending a copy thereof via electronic mail to each individual's last known e-mail address, as shown below.

Dated this 10th day of January, 2014.

Davison Van Cleve, P.C.

/s/ Jesse Gorsuch
Jesse Gorsuch

OREGON DEPARTMENT OF ENERGY (W) KACIA BROCKMAN PHILIP CARVER 625 MARION ST NE SALEM , OR 97301 kacia.brockman@state.or.us phil.carver@state.or.us	OREGON DEPARTMENT OF JUSTICE (W) RENEE M. FRANCE NATURAL RESOURCES SECTION 1162 COURT ST. NE SALEM, OR 97301-4096 renee.m.france@doj.state.or.us
CITIZENS' UTILITY BOARD OF OREGON (W) OPUC DOCKETS ROBERT JENKS G. CATRIONA MCCrackEN 610 SW BROADWAY, STE 400 PORTLAND, OR 97205 dockets@oregoncub.org bob@oregoncub.org catriona@oregoncub.org	IDAHO POWER COMPANY (W) REGULATORY DOCKETS LISA D NORDSTROM PO BOX 70 BOISE ID 83707-0070 dockets@idahopower.com lnordstrom@idahopower.com
MCDOWELL RACKNER & GIBSON PC (W) LISA F RACKNER 419 SW 11TH AVE., SUITE 400 PORTLAND OR 97205 dockets@mcd-law.com	NW ENERGY COALITION (W) WENDY GERLITZ 1205 SE FLAVEL PORTLAND OR 97202 wendy@nwenergy.org FRED HEUTTE PO BOX 40308 PORTLAND OR 97240-0308

	fred@nwenergy.org
PACIFIC POWER (W) SARAH WALLACE 825 NE MULTNOMAH ST, STE 1800 PORTLAND OR 97232-2149 sarah.wallace@pacificcorp.com	PACIFICORP, DBA PACIFIC POWER (W) OREGON DOCKETS 825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 oregondockets@pacificcorp.com
PORTLAND GENERAL ELECTRIC (W) PATRICK G. HAGER BRIAN KUEHNE V. DENISE SAUNDERS 121 SW SALMON ST 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com patrick.hager@pgn.com brian.kuehne@pgn.com denise.saunders@pgn.com	PUC STAFF --DEPARTMENT OF JUSTICE (W) JASON W JONES BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
RENEWABLE NORTHWEST PROJECT (W) MEGAN WALSETH DECKER RNP DOCKETS 421 SW 6TH AVE #1125 PORTLAND OR 97204-1629 megan@rnp.org dockets@rnp.org	SIERRA CLUB LAW PROGRAM (W) DEREK NELSON GLORIA D. SMITH 85 SECOND ST. 2 ND FLOOR SAN FRANCISCO, CA 94105 derek.nelson@sierraclub.org gloria.smith@sierraclub.org
SIERRA CLUB ENVIRONMENTAL LAW PROGRAM (W) TRAVIS RITCHIE 85 SECOND STREET, 2ND FL SAN FRANCISCO CA 94105 travis.ritchie@sierraclub.org	NATURAL RESOURCES DEFENSE COUNCIL (W) ANGUS DUNCAN 2373 NW JOHNSON ST. PORTLAND, OR 97210 angusduncan.@b-e-f.org
PUBLIC UTILITY COMMISSION OF OREGON (W) JULIET JOHNSON P.O. BOX 2148 PORTLAND, OR 97204 juliet.johnson@state.or.us	NATURAL RESOURCES DEFENSE COUNCIL (W) RALPH CAVANAGH 111 SUTTER ST., FL 20 SAN FRANCISCO, CA 94104 rcavanagh@nrdc.org

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 57

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	FINAL WRITTEN COMMENTS OF
)	THE INDUSTRIAL CUSTOMERS OF
2013 Integrated Resource Plan.)	NORTHWEST UTILITIES
_____)	

I. INTRODUCTION

The Industrial Customers of Northwest Utilities (“ICNU”) submits the following final written comments regarding PacifiCorp’s (or the “Company”) 2013 Integrated Resource Plan (“IRP”). ICNU will review the Oregon Public Utility Commission (“OPUC”) Staff’s final recommendations and PacifiCorp’s reply comments, and may provide additional oral comments at the OPUC’s open meeting that will consider acknowledgement of PacifiCorp’s 2013 IRP. ICNU recommends that the Commission not acknowledge PacifiCorp’s proposed demand side management investments and eastern control area transmission investments.

ICNU does not address the specifics of PacifiCorp’s proposed coal resource actions, but recommends that the Commission address these proposed investments at this time by either acknowledging or not acknowledging them. The Commission should not open a subsequent proceeding that could result in acknowledging the individual investments on a project-by-project basis. Staff and PacifiCorp have proposed a new planning and review process so that the Company can obtain advance approval and acknowledgement of unit-specific coal investments. PacifiCorp is essentially seeking pre-approval of specific investments, which

violates Oregon law and the Commission's IRP guidelines. ICNU is not opposed to PacifiCorp providing updated information to the parties regarding its coal investments that would allow the parties an opportunity to conduct discovery and provide PacifiCorp with their recommendations; however, the Commission should not acknowledge any specific investments in a follow-on proceeding.

II. BACKGROUND

PacifiCorp filed its 2013 IRP in April 2013. PacifiCorp did not propose to acquire any new thermal or wind resources in the immediate future. Instead, PacifiCorp's IRP action plan focused on the acquisition of front office transactions or power purchase agreements, conservation, conversion of the Naughton 3 coal unit to natural gas, investments in its existing coal fleet, and its Sigurd-to-Red Butte transmission line. The Commission has held workshops and all parties, including PacifiCorp, have submitted comments. Staff and intervenor final written comments due January 10, 2014, PacifiCorp's final written comments are due February 4, 2014, and Staff's proposed order is due March 4, 2014.

III. COMMENTS

1. The Commission Should Not Open a New IRP Proceeding to Acknowledge Unit Specific Investments

The Commission Staff has recommended in workshops that the Commission open a new proceeding, or continue this IRP, to allow the Company to obtain acknowledgement of unit-specific coal plant investments. The information that would be reviewed, the process, and final meaning of any unit-by-unit acknowledgement in this type of proceeding has not been put in writing, but ICNU understands that Staff views the end result as effectively precluding any

serious review of the reasonableness or prudence of whether PacifiCorp makes the coal plant investments. PacifiCorp supports this proposal to open a new, ongoing docket. The new and expedited proceeding would allow the Company to provide interested parties with updated information regarding its coal plant investments, and obtain individual unit acknowledgement without the opportunity to submit testimony, hold a hearing, or conduct a full scale review of the Company's fleet-wide loads and resources. PacifiCorp supports this new process because, while Oregon does not have a pre-approval statute, the proceeding would allow the Commission "to make a conditional finding of prudence" PacifiCorp Reply Comments at 23.

ICNU strongly opposes any new process that would lead to acknowledgement of individual unit-specific investments, limit the ability to review PacifiCorp's investment decisions in a rate case, or make "conditional findings of prudence." ICNU does not oppose the Company providing interested stakeholders additional information and soliciting comments regarding the parameters for coal unit investments; however, PacifiCorp and Staff are essentially proposing a new proceeding in which the Company may be able to obtain de facto pre-approval of its coal investment decisions. This is contrary to the intent and purpose of integrated resource planning, and violates Oregon law and Commission precedent.

The Commission is required by law to reserve judgment on all ratemaking decisions until a contested case proceeding. Re Portland General Elec. Co., Docket No. LC 33, Order No. 04-375 at 12 (July 20, 2004); Re Investigation into Least-Cost Planning for Resource Acquisitions by Energy Utilities in Oregon, Docket No. UM 180, Order No. 89-507 at 6 (April 20, 1989). The Commission has recognized that ratemaking decisions cannot be made in an IRP because the decision "on whether to include in rates the costs associated with new resources can

only be made in a rate filing under ORS 757.205, et seq.” Order No. 89-507 at 6. Pre-approval of utility actions is also illegal because the Commission does not have the legal authority to bind future Commissions. See Re Investigation Relating to Elec. Util. Purchases from Qualifying Facilities, Docket No. UM 1129, Order No. 05-584 at 56 (May 13, 2005).

The proposal for a plant-by-plant upgrade review is inconsistent with the intent and purpose of the Commission’s integrated resource planning policies. The purpose of an IRP is to “enhance the quality of the information available to the decision-making utility” but does not result in the Commission usurping “the role of the utility decision-maker.” Order No. 89-507 at 3, 6. Utilities retain full responsibility and autonomy for making decisions, which should be better informed but not dictated by the IRP process. Id. at 6. PacifiCorp’s proposal to obtain a green light approval before making plant specific upgrades results in a process in which PacifiCorp no longer is fully responsible nor has the practical autonomy to make resource decisions. PacifiCorp would essentially make its initial decision, propose it to the Commission, and then only make its final decision after the Commission issues its order.

An IRP is also intended to be a comprehensive and integrated review of all potential resource types based on a utility’s current resource mix and expected future loads. Re Investigation into Integrated Resource Planning, Docket No. UM 1056, Order No. 07-002, Guidelines 1, 3 and 4 (Jan. 8, 2007). For example, the “primary goal must be 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.” Id. at Guideline 1c (emphasis added). While the Commission may consider specific resource proposals, the Commission prefers review of generic resources. Id. at 25. In addition, any consideration of specific resources is in the context

of the full IRP that reviews numerous other supply and demand side resources, alternative futures, and numerous portfolios. Id. at Guidelines 1, 3 and 4. The Commission's IRP policies do not contemplate, and have never been used, to review individual, specific resource decisions outside of the context of a full IRP or IRP update.

The Commission should not now depart from its long-standing IRP policies on an ad hoc basis merely because it may be unsatisfied with the level of analysis regarding PacifiCorp's coal resources and environmental upgrades. While ICNU takes no position on whether the Commission should acknowledge PacifiCorp's environmental upgrades, ICNU recommends that the Commission act consistently with its integrated resource planning policies and either acknowledge or not acknowledge specific actions in the Company's IRP. The Commission's final order can direct PacifiCorp to continue to provide the parties with additional information regarding its coal plant investments, to conduct specific analysis, and even to seek comments from stakeholders; however, the Commission should not acknowledge or pre-approve any specific investments in a follow-on proceeding.

Finally, if the Commission is considering a new process of investment by investment acknowledgement, then it should open a generic proceeding to consider whether to revise its current IRP guidelines. Neither Staff nor PacifiCorp have made a formal written proposal regarding how this process would work, and there have been vague and inconclusive discussions about this issue at public workshops. ICNU's understanding is that Staff will reveal at least some of the details of its proposal in its final written comments, which is too late to be seriously considered or reviewed by the parties. It is inappropriate to make a radical transformation in how IRPs are reviewed and processed in the final stages of this IRP.

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2. PacifiCorp Should Account for Permanent Direct Access Loads

PacifiCorp is not currently planning on adjusting its expected loads based on customers permanently electing direct access. Staff recommends that the Commission should direct PacifiCorp to account for projected future loads that select permanent direct access and remove these loads from the amounts that PacifiCorp is expected to serve. ICNU agrees.

In Docket No. UE 267, the Commission is considering a five-year opt-out program in which direct access customers can opt out from cost of service rates on a permanent or long-term basis. While PacifiCorp and the other parties disagree on how much direct access load should be estimated to select the five-year opt out (PacifiCorp has proposed 175 aMWs and the other parties 50 aMWs), all parties agree that PacifiCorp should assume a greater than zero amount of permanent direct access load. PacifiCorp should include in its IRP no less amount of permanent direct access load in its IRP than is projected to be in its five-year opt-out program.

3. The Commission Should Not Acknowledge PacifiCorp's Conservation Plans

A number of parties, including ICNU, the Citizens' Utility Board and the Northwest Energy Coalition ("NWECC"), raised concerns regarding PacifiCorp's lack of investment in conservation in its eastern operations. PacifiCorp's reply comments primarily respond to some of the technical details raised by stakeholders in an apparent attempt to explain away why it is planning to invest not as much conservation in other states. What is important are the outcomes and not the rationales for the difference in past and forecasted conservation between the western states and the eastern states. ICNU recommends that the Commission not acknowledge PacifiCorp's planned conservation investments in its eastern states because they do not fully account for the additional conservation that the Company can

reasonably obtain. Instead of simply not acknowledging PacifiCorp's preferred conservation in its Action Plan, the Commission could acknowledge the accelerated Case EG-C15 as part of an overall least cost and least risk portfolio, and require the Company to regularly report its achieved conservation, including any discrepancies between its targets and actual conservation.

4. The Commission Should Not Acknowledge Sigurd-to-Red Butte

PacifiCorp has requested that the Commission acknowledge the Sigurd-to-Red Butte transmission line, even though the Company has already begun construction of the line. PacifiCorp IRP at 74, 251. The goal of an IRP is to seek acknowledgment of the Company's plans to meet expected loads based on its expected costs, risks and uncertainties. Order No. 07-002, Guidelines 1 and 5. Specifically for transmission, the utility's analysis should review expected costs "for each resource being considered" rather than each resource that the utility is already building. Id. at 5. Concerns have been raised in Oregon about whether PacifiCorp's transmission plans adequately account for expected future conditions and in Washington regarding whether the Company is inappropriately focusing on building transmission rather than other alternatives, including smart grid technology. See, NWECA Comments at 14-16; Re PacifiCorp, Docket No. 120416, Washington Utilities and Transportation Commission Acknowledgement Letter, Attachment at 6-7. The Commission can avoid any disputes regarding transmission issues by declining to acknowledge Sigurd to Red Butte on the grounds that the Company has already decided to build and began construction on this transmission line without the required input and consideration.

IV. CONCLUSION

ICNU is gravely concerned that the fundamental nature of an IRP as a planning document designed to inform a utility's decision making may be replaced with an investment by investment pre-approval process. ICNU understands that many of the parties are frustrated with their belief that PacifiCorp has not performed the correct analysis nor provided them with sufficient information. The cure is not to upend the Commission's long-standing IRP process at the tail end of this IRP, but to review and acknowledge (or not acknowledge) the plan presented in this proceeding, and direct the Company to review and analyze specific information in the future. In addition, the Commission should not acknowledge PacifiCorp's conservation plans or the Sigurd to Red Butte transmission line, and should direct the Company to more appropriately plan for direct access loads.

Dated this 10th day of January, 2014.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Irion A. Sanger

Irion A. Sanger

Davison Van Cleve, P.C.

333 S.W. Taylor, Suite 400

Portland, Oregon 97204

(503) 241-7242 telephone

(503) 241-8160 facsimile

ias@dvclaw.com

Of Attorneys for Industrial Customers
of Northwest Utilities