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VIA ELECTRONIC FILING AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket No. UM 1460

Enclosed for filing in the above-referenced docket are an original and one copy of Idaho Power Company's Opening Comments.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Handwritten signature of Wendy McIndoo in cursive script.

Wendy McIndoo
Legal Assistant

cc: Service List

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UM 1460 on the following named person(s) on the date indicated below by email and/or first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: November 16, 2010



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1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UM 1460**

4 In the Matter of

5 PUBLIC UTILITY COMMISSION OF
6 OREGON,

7 Staff Recommendation to Open a Docket
8 and Use Oregon Electricity Regulators
9 Assistance Project Funds from the
American Recovery and Reinvestment Act
of 2009 and Develop Commission Smart
Grid Objectives for 2010-2014.

**Opening Comments of Idaho Power
Company**

10

11 Idaho Power Company ("Idaho Power" or "Company") submits the following Opening
12 Comments regarding Staff's October 22, 2010 Straw Proposal regarding the substance
13 and procedures for utility Smart Grid Plans ("SGP").

14 **I. INTRODUCTION**

15 The Commission initiated this proceeding to develop guidelines for the submission
16 by utilities of Smart Grid Plans ("SGP"). The guidelines are intended to address the
17 contents of the SGP, the filing schedule, Commission review, and subsequent use of the
18 SGP in future Commission proceedings.

19 Overall, Idaho Power is comfortable with the concept of filing SGPs in order to allow
20 the Commission a window into the utilities' planning for the development and
21 implementation of Smart Grid technologies. The Company agrees that Smart Grid
22 technologies hold significant promise for improving the delivery of electric service to its
23 customers, and it is important that the Commission be informed regarding their progress.
24 That said, the Company cautions that Smart Grid technologies are in their infancy and that
25 utility planning for their implementation is necessarily somewhat speculative. Idaho Power
26 therefore recommends certain revisions to Staff's Straw Proposal to reflect these facts,

1 primarily by (a) shortening the planning horizons to be included in the reports; (b) allowing
2 for flexibility in the contents of the reports; and (c) limiting the legal consequences of the
3 reports by regarding them as informational filings.

4 Idaho Power notes that there is currently a workshop scheduled for December 3,
5 2010, and that parties will file additional comments on December 17, 2010. Therefore, the
6 Company recognizes that these comments are preliminary and looks forward to continuing
7 to work with the parties to examine and resolve the many issues related to SGPs.¹

8 II. DISCUSSION

9 A. Goals and Guidelines for all Smart Grid Plans

10 1. Goal and Sub-Goals for This Docket

11 Idaho Power supports the general goals identified in the Straw Proposal. With
12 respect to the development of Smart Grid technologies, it is important to note that many
13 features of the Smart Grid are not yet mature or cannot appropriately be broadly implemented
14 in Idaho Power's service territory. For this reason, Idaho Power stresses that any analysis of
15 potential Smart Grid technologies will necessarily be made at a high level and deployment
16 timelines will be tentative.

17 We would agree with the Straw Proposal's recommendation that the SGP examine
18 and include only those "technology, programs, and protocols **that utilities are**
19 **investigating.**" Thus, the SGP should discuss only those programs the utility has actually
20 considered, **and specifically need not discuss all possible activities that could be**
21 **considered by the utility.** The Company supports this goal as a means to limit the scope of
22 these proceedings and to prevent the filing of these plans from triggering a drawn-out
23 process that examines and analyzes Smart Grid technologies generally rather than the actual
24 plans developed by the utilities.

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26 ¹ In these Opening Comments, the Company will not be commenting on every section of the Straw
Proposal, but reserves the right to do so in its comments to be filed in December.

1 **2. Guidelines for Issues Common to All SGPs**

2 **a. Access, Control, and Use of Customer Information**

3 Generally, the Company agrees that the SGP must address the issue of access
4 to and control of customer information, and the Straw Proposal's proposed content with
5 respect to this issue is reasonable. However, because of its importance, the Company
6 agrees with Staff that this issue extends beyond this docket and should not be resolved
7 specific to Smart Grid or inside a SGP.

8 Idaho Power maintains a comprehensive policy with respect to the protection of
9 customer data and this policy extends to Smart Grid projects. The Company's Confidential
10 Information Policy limits access and disclosure of personal or financial customer information
11 to a strict need-to-know basis and ensures that disclosure is used only for an authorized and
12 legitimate business purpose.

13 **b. Utility Energy Management in Customer's Home or Business**

14 Idaho Power recognizes that a key component of any Smart Grid program is energy
15 management that may occur at a customer's home or business. Therefore, the SGP should
16 discuss this type of technology on an equal basis with other potential Smart Grid actions.
17 However, the language in the Straw Proposal related to this issue appears to be less of a
18 guideline and more of a proposal for ratemaking treatment for certain energy management
19 technologies. Idaho Power disagrees with this approach.

20 First, this docket is not the place for a discussion of the ratemaking treatment of Smart
21 Grid technologies. Although an acknowledged SGP may affect subsequent ratemaking
22 proceedings, the SGP docket is not the place for the Commission to decide the rate
23 treatment of proposed Smart Grid actions. Second, the Company disagrees with the Straw
24 Proposal's specific language, which states that "[i]f the utility proposes to participate in the
25 market for customer energy use management hardware or software, Staff recommends that
26 the Commission not allow any of the costs to be recovered from ratepayers." The adoption of

1 such a policy would potentially preclude the implementation of certain demand response
2 programs. Although these programs utilize hardware and software installed on customer
3 premises, they provide system-wide benefits and a blanket policy denying recovery of the
4 cost of such programs would have a negative impact on Idaho Power's customers.

5 **B. SGP Structure and Content**

6 **1. Timeframes for the SGP**

7 As noted above, Smart Grid technologies are generally immature and not ready for
8 widespread deployment. Therefore, the Company does not anticipate that its initial (and
9 possibly subsequent) SGP will include specific actions that the Company intends to
10 undertake in the near future. Moreover, the development of Smart Grid technologies is fast
11 moving and it is difficult to predict which technologies will become deployable in the near-
12 term and even more difficult to predict which technologies will become deployable in the 10-
13 to 20- year time frame.

14 The Company agrees that a 5-year Action Plan is reasonable. The Company
15 expects that it can submit a SGP for this timeframe that is sufficiently detailed and accurate
16 to allow for meaningful review by the Commission. In the other hand, the 20-year planning
17 horizon contained in the Straw Proposal is problematic. Because of the uncertainty as to
18 what technologies will eventually prove viable, an SGP including a 20-year planning horizon
19 would require the analysis of dozens of new and untested technologies. Such a plan would
20 be unreasonably burdensome to prepare, and in the end would prove to be of relatively little
21 value. For this reason, the Company suggests that the planning horizon be limited to the
22 initial 5-year Action Plan plus an additional 5-year planning horizon.

23 **2. SGP Estimated Benefits and Costs**

24 The Company agrees that the SGP should include the estimated cost/benefit
25 analysis related to each action included in the 5-year Action Plan. However, the Company
26

1 stresses that “detailed information” related to Smart Grid technologies will be necessarily
2 more speculative than, for instance, the cost/benefit analysis included in IRPs.

3 The Straw Proposal's distinction between the levels of detail required for actions in
4 the 5-year Action Plan versus the longer term planning horizon is also important. The
5 Company anticipates that it can set forth a full business case analysis for items included in
6 the Action Plan. It is unclear, however, whether it will prove possible to set forth the same
7 type of analysis for actions included in a longer-term plan (e.g. 5-20 years) or the value of
8 such analysis if it can be provided. Thus, the Company supports the Straw Proposal's
9 language indicating that the required level of analysis should be less for items outside the
10 Action Plan.

11 The Company agrees that to the extent possible and reasonable, this analysis
12 should be separated into functional lines. Certain projects, however, cannot be delineated
13 along pure functional lines of generation, transmission, distribution, and customer.

14 **3. Systems Reliability**

15 The Straw Proposal's language with respect to system reliability issues is generally
16 acceptable. However, the Company objects to the proposed requirement that the SGP
17 provide sufficient detail to allow the Commission to conclude that it is reasonably likely that
18 the Action Plan will improve system utilization and reliability. This language incorrectly
19 suggests that the purpose of the SGP is to ensure that the utilities are implementing Smart
20 Grid technologies to improve system reliability. Idaho Power understands the role of the
21 SGP to be much more limited. Specifically, Idaho Power believes that the SGP should
22 provide transparency into the utility planning process but should not dictate to the utilities
23 what that process should be.¹² The Straw Proposal's language also suggests that the SGPs

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25 ² As noted above, it is quite possible that the Company's Action Plan will not involve the deployment
26 of new technologies or implementation of new utility systems. This may occur because the potential
risks of deploying a technology designed to improve system reliability outweighs the potential benefits

1 must include analysis actions beyond those examined by the utilities. The Straw Proposal's
2 stated goal for SGPs is to identify and discuss Smart Grid technologies that utilities are
3 actually investigating. Therefore, if a utility has not actually investigated a particular
4 technology it should not be included in the SGP.

5 **4. Communications and IT Infrastructure.**

6 The Company does not release detailed information about Communications and IT
7 Infrastructure due to security risks and confidentiality policy and therefore the inclusion of
8 this information in the SGP must be subject to appropriate protections.

9 **C. SGP Submission, Review, and Use in Future Proceedings.**

10 **1. SGP Submission Schedule and Submission Frequency.**

11 As discussed above, Idaho Power proposes that the SGP include a 5-year Action
12 Plan plus an additional 5-year planning horizon. This more reasonable 10-year (total)
13 planning horizon is especially appropriate due to the proposed timeline for filing the first
14 SGP (6 months after the Commission Order in this docket). Limiting the planning horizon to
15 10 years will help to ensure that the submitted plan is meaningful and reflects useful
16 analysis of potential Smart Grid technologies. At this time it is highly unlikely Idaho Power
17 will have a meaningful plan extending beyond 10 years because the Company is waiting for
18 the technology to mature and risks to be mitigated.

19 With respect to the schedule and frequency of filings, the Company believes that
20 whatever schedule is adopted must ensure that all required filings are meaningful and
21 provide value to both the Commission and the public. Thus, the Company proposes that the
22 second and third plans be due four years apart (second plan due August 2015, third plan
23 due August 2019). Annual updates should be filed only if significant changes have been
24 made to the Company's SGP.

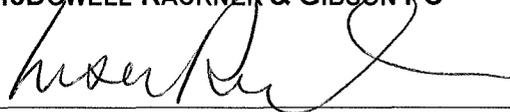
25 The Company fully supports the Straw Proposal's plan to reevaluate the submission
26 of SGPs at the end of the period covered by the third submitted plan. As the Smart Grid

1 speculative nature of this process as compared with traditional resource planning. Idaho
2 Power looks forward to working with Staff and interested parties in an effort to resolve these
3 challenging issues.

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5 DATED: November 16, 2010.

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