

October 29, 2020

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398
puc.publiccomments@state.or.us

Re: Docket No. UM 2005 - PacifiCorp Comments on Draft Distribution System Plan Guidelines

On March 22, 2019, the Public Utility Commission of Oregon (Commission) issued Order No. 19-104, initiating an investigation in Docket No. UM 2005. The investigation was to develop a transparent, robust, holistic regulatory planning process for electric utility distribution system operations and investments. Over the last year and a half, Commission Staff have held a series of workshops with presentations from utilities, emerging technology experts, community organizations, and commercial advocates. The Draft Distribution System Planning (DSP) Guidelines are intended to create a new regulatory structure that will enable utilities to better identify system needs and evaluate the evolving range of opportunities that can meet those needs.

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) appreciates the Commission's thoughtfulness in developing the Draft DSP Guidelines and willingness to work with stakeholders through the series of workshops conducted in 2020. The Draft DSP Guidelines provide a good overview of the Commission's goals and objectives, and address specific areas of concern such as customer data privacy and security. Planning and operating electric distribution systems to provide low-cost electricity to all customers at non-discriminatory rates is fundamental to utility service and PacifiCorp's operations. PacifiCorp generally supports the development of a regulatory process to review the Company's distribution planning process and the increased transparency that will result. The comments below recommend certain changes to the Draft DSP Guidelines that will improve the process, mindful of current regulatory requirements and core concerns fundamental to utility service.

Goals and Principles

Identification of clear goals and guiding principles are critical to the success of the new regulatory program. PacifiCorp appreciates that the first goal identified is the promotion of a reliable, safe, secure, and quality distribution system for all customers. PacifiCorp recommends the Commission also include the additional goal of maintaining affordability.

Electric utilities provide an essential service to their customers, with all customers within a defined customer class paying the same rate for service. Utilities' rates are reviewed by the Commission to ensure those rates are just and reasonable. It is fundamental to the Commission's mandate to ensure that any new regulatory process includes the economic goal of maintaining affordable rates and cost-conscious system planning. PacifiCorp is concerned that neither the identified long-term goals nor guiding principles in the Draft DSP Guidelines address the economic goals of affordability and fair and reasonable costs. These concepts should be added to both the long-term goals and guiding principles.

Planning interactions and streamlining

PacifiCorp supports, with one exception, the identified planning interactions and streamlining proposed in the Draft DSP Guidelines. Combining these reporting requirements will create efficiency and provide for integration of these separate regulatory efforts into a single, comprehensive planning and reporting process. PacifiCorp is unclear regarding the intent of the proposal for integration and synchronization with utility resource planning. While there is likely to be information developed through the DSP process that will be useful in the development of the Integrated Resource Plan (IRP), and vice versa, timing should be driven by the current IRP schedule. This is critical for PacifiCorp, as a multi-state utility that must comply with the resource planning regulatory process in all six states in which it operates.

Data Privacy and Security

PacifiCorp appreciates the acknowledgement in the Draft DSP Guidelines of the importance of maintaining data privacy and data security. Utility customer data is closely protected and not sold. Distribution system planning requires review of local area loads, which could be defined by neighborhood, street, or even individual customer, based on the fundamental topology of the distribution system in that area. While PacifiCorp understands the need for transparency, any distribution system planning process must maintain customer data privacy.

Cost Recovery

PacifiCorp supports explicit reference to cost recovery in the DSP Guidelines, particularly the acknowledgment of the need for guidance from the Commission on appropriate spending levels and the need for an iterative and incremental process to address uncertainty. PacifiCorp requests additional clarification on the two bullets addressing utility costs. The first bullet states that the Commission will "aim to provide utilities with guidance on reasonable levels of spending for upfront costs to identify and plan for risks." To the extent the intent of this bullet is to address the distribution system plan and signal acknowledgement or approval of an anticipated level of spending, that clarification would be beneficial. If the intent is to acknowledge the increased cost to utilities to comply with the new regulatory program and to identify or develop tools for timely cost recovery, that would also be a beneficial clarification. To the extent the Commission has specific expectations regarding how utilities will address cost recovery, PacifiCorp is interested in understanding those expectations.

PacifiCorp requests clarification on the meaning of “uncertainty” in the context of the second bullet regarding cost recovery—does this refer to uncertain cost recovery or uncertain future requirements? PacifiCorp is also unclear as to which process—development of DSP, cost recovery, commission approval, etc.—is the subject of the second bullet. Finally, it would be helpful to better understand what is intended by the reference to “associated pilots” and what is envisioned with regard to pilot cost recovery mechanisms.

The Draft DSP Guidelines state that “Staff will explore opportunities to support community-based organization participation.” PacifiCorp supports community involvement in the DSP process. PacifiCorp, however, believes it is important to note that utility costs are shared by all customers. Any support should be available to all communities, but Staff should also be mindful of the rate impacts and the potential that costs and benefits may not be equally shared across the utility’s service territory and that such participation should be required to result in meaningful benefits at minimum cost to the majority of customers that are being represented. Further, participants should not be compensated by customers for participation for which they receive other economic support or benefits. PacifiCorp, for example, serves rural Oregon communities along with a densely populated portion of Northeast Portland, and projects that provide benefits to only one community should be evaluated closely before spreading costs to other communities.

Regulatory Development

PacifiCorp strongly encourages the exploration of new mechanisms and regulatory approaches for application within DSP. Ensuring that novel regulatory approaches used for DSP are consistent or harmonize with traditional or existing regulatory practices will be critical and DSP solutions should be narrowly tailored so as not to result in wholesale changes to the utility business model.

Vision for Distribution Planning Evolution

Table 1 provides good insight into the timing of expectations for progress along the path of the vision but the vision itself is unclear. The Draft DSP Guidelines, however, do not provide insight into the specific policy goals of the Commission. For example, Stage 3 is the achievement of the long-term vision for the DSP capabilities and outcomes, but those do not appear to be defined or explored. PacifiCorp understands that this process will evolve, with increased transparency into DSP and increased awareness of planning and operational issues by stakeholders. However, the Commission should articulate a plan that will identify the longer-term policy issues, confirm how the Commission will balance competing goals, and explain how the new objective function for DSP addresses short comings in the current objective function.

Appendix 1 - Process and Timing

PacifiCorp requests that the Commission consider reducing the five-month review period. To support process efficiency, and based on the requirement for workshops prior to filing, three months should be sufficient to review the ultimately filed plan. Efficiency is required to support

implementation of plan components given the permitting and development concerns associated with expanding the distribution system while maintaining current levels of service.

Appendix 1 – Commission Action

PacifiCorp requests clarification regarding the distinction between acceptance and acknowledgement. PacifiCorp is concerned that there are certain process assumptions based on the experience with the IRP, without defining terms borrowed from the IRP in the new regulatory program. Additionally, DSP is unlike the IRP in that it is more heavily reliant on engineering criteria and not strictly an economic analysis, so the process terminology may not strictly translate.

Appendix 1 - Scope

Actions to revisit benefit cost tools and methodologies should be emphasized in order to capture the human-centered planning shift, and utilities will need tools by which to weigh costs versus benefits versus requirements when making planning and investment decisions with some path to cost recovery. This is not clear in the Draft DSP Guidelines. PacifiCorp recommends identifying targets and metrics for requirements that cannot be measured by established engineering/reliability criteria and least cost economic analysis.

PacifiCorp is currently working to identify what practices may need to change to meet the Draft DSP Guidelines. PacifiCorp seeks further consideration by the Commission regarding whether or to what extent there will be a transition period allowing each utility's current DSP processes to run in parallel concurrent to the implementing activities required to comply with the Draft DSP Guidelines. Currently, PacifiCorp bases its analysis of individual feeders based on growth rates. Mandating new studies every two years would significantly increase the Company's staffing requirements to comply with the requirements in the Draft DSP Guidelines. Additionally, PacifiCorp requests clarification regarding the timing of combined reporting. Should regulatory reporting be based on the data used in the development of the DSP, or updated information prior to the filing?

Below are additional comments related to the Scope defined in Section 3 of Appendix 1 to the Draft DSP Guidelines.

Baseline Data and System Assessment

PacifiCorp requests additional clarification to assist in the development of the initial DSP filings. In particular, additional clarification regarding the "locational granularity" required, keeping in mind data privacy issues. Should utilities provide information at the substation, feeder, or region level? To maintain efficiency, and avoid unnecessary work that provides little benefit to the Commission's oversight, the Draft DSP Guidelines should provide a description of why any specific information is necessary and how it will be used. Further, to the extent that stakeholders request data, the request needs to be evaluated and found to be justified by a compelling need to avoid the risk of disclosing customer or critical energy infrastructure information.

For stakeholders that propose plan components that would result in impacts to the utility's DSP, proponents should provide those components in a transparent and specific manner to allow all stakeholders to understand the intended plan modification and evaluate the operational and economic impacts to the utility and its customers. There is a level of technical expertise that will be required to review the eventual plans, and this will help flush out what is necessary and what may be busy work that only increases costs to gather and present the information. PacifiCorp recommends that the Commission incorporate a goal-based approach that starts with clearly articulated goals, and then breaks out the data needed to measure/assess the characteristics of each goal. Over-gathering of data does not create an efficient process and risks disclosure of potential customer-sensitive data with no legitimate regulatory purpose. Additionally, PacifiCorp recommends that Staff and the utilities create a small technical workgroup to define the format for data collection and presentation that standardizes the data fields for consistency in review and assembly of the plan.

Load, Distributed Energy Resource (DER), and Electric Vehicle (EV) Forecasting

In Section 3.2, Load, DER, and EV Forecasting, initial requirement (b)(iii) requires a methodology to apply "a locational aspect." PacifiCorp recommends that the Commission clarify what is meant by this requirement. Is the requirement meant for feedback on what is possible and cost effective to deploy? Current forecasts for DERs and EV charging are at the state level, not feeder by feeder. Adoption rates and siting details more granular than census tract zones are not reasonable expectations nor viable with current data collection methods. Increasing data level collection expectations beyond the utility's current ability would require additional investment, increasing utility costs, or risk inaccurate data. Any component of the Draft DSP Guidelines that requires a utility to change operations or increase staffing or investment in order to comply, should be clearly identified to allow for cost recovery. Further, as a provider of last resort, additional DER forecasting may not drastically modify DSP practices. Accordingly, for PacifiCorp, it is unlikely the Company could provide that level of granularity with precision by October 2021 with its current systems and staffing levels.

Community Engagement Plan

PacifiCorp supports community engagement around its DSP. PacifiCorp, however, also understands that getting true community participation can be difficult. Effective community participation will also be difficult given the technical nature of DSP, specifically the level of engineering required to understand many of the concepts and associated risks. PacifiCorp requests that the Commission commit, as part of the new DSP regulatory program, to act as a technical liaison to provide resources for community members. Additional support from the Commission regarding the rate setting process, specifically the impact of the investments on customer rates, and the utility's role as an essential service provider will also be helpful to increase the issue awareness of all participants. PacifiCorp also requests clarification regarding the metric of utility responsiveness to Community Energy plan interests. If an investment provides little benefit beyond a particular community, but raises costs to customers outside that community, how should that be evaluated? PacifiCorp recommends that components (reliability,

community benefits, costs, and rate impacts) be discussed together, with defined expectations and metrics for review, so that it is clear how those expectations outweigh traditional least cost and least risk decision-making.

More importantly, however, Stage 1 in Figure 1 includes two additional requirements that could be problematic. First, Figure 1 includes a directive that utilities conduct focused community engagement for planned distribution projects. This goes beyond a DSP process, and appears to create a new regulatory requirement, that has no defined applicability or threshold criteria for what projects would qualify. As an essential service provider, utilities need to provide service to all customers and requiring a separate process for each distribution project would be excessively burdensome. Second, requiring a quarterly public workshop and technical forum, after DSP filings, is excessive and could inhibit implementation of utility plans and distract from ongoing utility planning. PacifiCorp recommends that this requirement be reevaluated.

Grid Needs Identification

In section 3.2, Grid Needs Identification, initial requirement (e) appears to combine creating a competitive resource procurement process, for non-wires alternatives to meet grid constraints, with community energy planning activities. PacifiCorp recommends adding a step or process to set equity goals which the utility can design to meet in the least cost and risk manner, to optimize the technical planning and economics. Grid needs identification is already a core of DSP today and the Draft DSP guidelines could incorporate the current processes in place.

Solution Identification

As an initial matter, the Draft DSP Guidelines require clarification regarding what needs to be included in the “detailed datasets” to be made publicly available, along with the purpose for their usage. While the majority of the data will likely be used for proper planning purposes, data on energy usage could be valuable for entities seeking to exploit the information. In the past, community information was used to disenfranchise entire neighborhoods. It is important to remember that once data is made public, its use is beyond the control of the utility and the Commission.

The Commission should also clarify initial requirement (e) that utilities submit at least two proposals for pilots in which non-wire solutions are used in the place of traditional utility infrastructure investment. First, this goes beyond the Commission’s authority to direct actions by a utility outside a specific statutory mandate. The DSP Guidelines should not implement policy outside of a specific Commission investigation into that policy or without clear statutory authority to effectuate that policy. More importantly, it is entirely unclear what is to be tested under the pilot programs. Is it whether new technologies can displace the need for traditional technologies? It was clear from the workshops that successful non-wires projects are still relatively rare. A single program may be all that can be developed initially, with more potentially later based on developing technology. PacifiCorp suggests caution given the risk of increased costs to develop and implement pilot projects that may have limited viability.

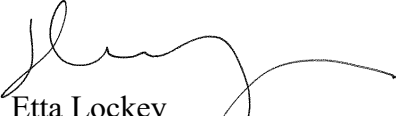
Public Utility Commission of Oregon

October 29, 2020

Page 7

PacifiCorp appreciates the opportunity to comment on the Commission's Draft DSP Guidelines and looks forward to working with the Commission as they move forward with this effort. Please contact Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934 if you have any questions.

Sincerely,



Etta Lockey
Vice President, Regulation