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VIA ELECTRONIC FILING

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Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

Re: Docket No. UM 2005
Distribution System Planning (“DSP”) Draft Guideline Revisions – Idaho Power
Company’s Comments

Attention Filing Center:

Idaho Power Company (“Idaho Power” or “Company”) appreciates this opportunity to provide comments on Staff’s proposed revisions to the Distribution System Planning (“DSP”) guidelines, as filed on April 26, 2024, in the Public Utility Commission of Oregon’s (“OPUC” or “Commission”) Docket UM 2005. Staff has undertaken considerable effort and planning to thoughtfully engage stakeholders on the guideline revisions.

In these comments, Idaho Power begins with a high-level overview of Staff’s summary of objectives and how the proposed guideline revisions compare to the original guidelines. Additionally, the Company offers general comment on some of the large challenges it sees with the proposed revisions, specifically the goals of connecting the DSP to other planning exercises and the goal of connecting the DSP to future cost recovery.

Idaho Power also offers more detailed comments on specific sections of the guidelines, with the goal of seeking understanding, increasing clarity, or flagging areas of concern or additional consideration. Finally, Idaho Power suggests that more process—in the form of discussions, workshops, and more rounds of guideline revisions and comments—is warranted in this case given the magnitude of Staff’s proposed changes.

RECONCILING THE OBJECTIVES OF THE DSP

In the Executive Summary of the proposed guideline revisions, Staff provides a list of “high priority questions” to which it hopes the new guidelines will deliver answers. However, these questions are the first indication of what appears to be a seismic shift in the currently proposed guidelines compared to the original guidelines. The original guidelines were developed to encourage utilities to think creatively about distribution system planning and to do so without

necessarily being tied to least-cost planning.¹ To be sure, there were practical elements within the guidelines to paint a picture of a utility's existing distribution system, such as the baseline data and system assessment—elements that remain in the proposed guideline revisions. But many of the planning components were intentionally designed to get at a particular policy outcome—specifically, non-wires solutions that are perceived as more innovative than traditional solutions.²

In contrast, the proposed guideline revisions appear to shift the goal of the DSP from aspirational to practical, particularly with respect to gaining insight into near-term distribution investment that would track directly to costs identified in the utility's next general rate case ("GRC").

The struggle before stakeholders, Staff, and the Commission is determining whether the DSP guidelines can be simultaneously aspirational and practical. Some additions and modifications within the proposed revisions skew aspirational, while others are clearly grounded in creating a detailed accounting of actual near-term distribution system investment.

Idaho Power would argue that it might be possible to develop guidelines that make space for innovation and outside-the-box thinking while also providing a practical planning that tracks to future expenditure. Doing so, however, will require measured adjustment to many parts of the guideline revisions, as well as precise, careful language that all stakeholders can universally understand.

In service of such an outcome, Idaho Power offers high-level thematic comments below, followed by more specific comments and suggestions by section of the guidelines.

Connecting the DSP to Other Planning Exercises

One of Staff's objectives is to push utilities to find efficiencies in planning by connecting the dots among various planning exercises such as the Integrated Resource Plan ("IRP") and the Wildfire Mitigation Plan ("WMP"). This is a laudable objective. However, discrete planning efforts serve different purposes and exist on different timelines. Alignment across these efforts is not feasible without significant change to the fundamentals of key planning efforts. For example, an IRP looks at a utility's generation and transmission system from the top-down and does not directly model the distribution system.

If Staff's expectation is a direct connection between the DSP and the IRP, Idaho Power would ask for additional process in this case so that Staff and other stakeholders can better

¹ In Order 20-485, the Commission adopted Staff's recommendations for DSP guidelines. Within the corresponding memo and beneath the "Cost Recovery and Regulatory Development" heading, Staff stated: "PUC recognizes the need for ongoing conversations about how DSP activities align or interact with the utilities' existing business models and regulatory approaches. To address the changes that utilities may make in implementing the DSP process, the PUC may explore new regulatory mechanisms that may better align with utilities' efforts to plan and invest in the DSP over the long-term. Staff believes these conversations may be premature at this stage." (Appendix A, p. 8)

² *Id.*, p. 4. Solution identification, a component of the original guidelines, was explained in Staff's memo as follows, "...utilities will develop two or more pilot concept proposals in which non-wire solutions will be used in place of traditional utility infrastructure investments."

understand the fundamental limitations of such an expectation. Similarly, incorporating or linking DSPs to WMPs may make sense when discussing certain efforts, like large-scale line rebuilds or significant hardening projects. Smaller projects or wildfire mitigation efforts that aren't related to the distribution system will not logically crossover to the DSP. Idaho Power notes these examples to show that the goal of linking planning exercises is reasonable but may not be achievable to the degree envisioned by Staff. One alternative might be narrative descriptions within respective plans in an effort to connect the dots between an activity in one plan and a shared or related activity in another plan.

Connecting Future DSPs to Future Cost Recovery

Staff's first "high priority" question is: "How is the Company prioritizing and containing spend while making decisions across multiple objectives...?"³ While this perspective and the desire to gain insight is reasonable, the DSP has not served this purpose in the past. Such a pivot to making the DSP a distribution investment tracking document, combined with a plain text reading of several parts of the proposed guideline revisions, suggests that Staff is positioning the future DSPs as serving an early prudency review function. The Company understands from its conversation with Staff in May 2024 that this is not Staff's intention; further, Staff has noted that prudency reviews have specific implications and language that is not reflected in the proposed revisions. And yet, if Idaho Power were expected to reconcile its distribution-related investment and expenditure in a GRC against items in its most recent DSP, that is a form of prudency review. Such a throughline of tracking dollars from the DSP to a GRC suggests that the DSP is no longer a planning document, but a list of impending projects that will be built and for which the Company will be expected to link to items within its GRC.

Integrated Resource Plans ("IRP") offer an interesting parallel in this regard. The IRP is first and foremost a plan; it gives a clear picture of a utility's need and potential investment in generation and transmission, but it does not assume any specific item will occur in exactly the time or composition listed in the IRP. Additionally, the Commission has other venues—such as the competitive bidding process—to vet and authorize individual procurement and then separate cost recovery filings to determine prudency. For example, the Commission's Order No. 23-004 acknowledging Idaho Power's 2021 IRP, states:

[IRP] Acknowledgement provides guidance for later ratemaking proceedings, which are the forum for the Commission to make its ultimate decision to approve or disapprove a resource procurement as prudent and subject to recovery in customer rates. Consistency with an acknowledged plan may be used as evidence in support of a favorable ratemaking treatment, but the utility still must demonstrate that its actions remained reasonable, particularly in light of any material changes in the facts, circumstances, and assumptions that supported IRP acknowledgement.⁴

³ Staff Proposed DSP Revisions, p. 1.

⁴ LC 78, Order No. 23-004, p. 3.

The proposed DSP guideline revisions suggest that a new objective of the DSP is to bridge the gap between planning and cost recovery by building an interim review element. If this is, indeed, the objective, Idaho Power feels strongly that more process is required in this docket to carefully and methodically examine the guidelines and determine if such an outcome can—or even should—be a major component of future DSPs.

COMMENTS ON GUIDELINE SECTIONS

In the sections below, Idaho Power offers comments only on those sections of the guidelines for which the Company proposes modification or otherwise has comment at this time. Finally, the Company notes that, to minimize confusion about versioning, references in these comments align to the redline version of Staff's proposed guidelines.

Guideline 1: Process and Timing

In this section of the guidelines, Staff prompts each utility to propose a date for its next DSP filing.⁵ Idaho Power is especially grateful for cadence flexibility and tailoring—the primary issue for which the Company has previously voiced a preference. Considering Staff's objectives to have the next DSP incorporate guideline changes, including attempting to connect the DSP to other planning exercises, Idaho Power proposes March 6, 2026, as its next DSP filing date.

This date serves multiple purposes. First, it recognizes that Idaho Power's small Oregon service area remains stable, as reflected in the Company's 2022 DSP, which identified that, apart from a limited number of already planned distribution investments in 2023 and 2024, Idaho Power did not identify the next growth-related distribution project in Oregon until 2028.⁶ A March 2026 filing date for the next DSP would allow time to reevaluate the 2026-2028 timeframe and identify potential distribution projects as warranted.

Second, March 2026 timing would allow Idaho Power to incorporate thinking and decisions from the next full IRP cycle (i.e., Idaho Power's 2025 IRP, which will be filed in the summer of 2025) and also cross-reference and consider the 2026 WMP, which will be filed at the end of December 2025.

Guideline 3: Community Engagement

Idaho Power is generally supportive of Staff's proposed revisions to the Community Engagement portion of the guidelines, formerly the Community Engagement Plan. As a matter of practicality, the Company appreciates and agrees with the proposal to strike the word "plan" from the section title. In the last DSP, developing a (community engagement) plan within a broader (distribution system) plan was, at times, confusing and redundant. Staff's streamlined approach

⁵ Staff Proposed DSP Revisions, redline version, Guideline (1)(a), p. 2.

⁶ Idaho Power's 2022 Oregon Distribution System Plan, Table 5.2, p. 54.

in the guidelines does not diminish the importance of community engagement but does reinforce that community engagement is in service of the DSP.

Additionally, Idaho Power sincerely appreciates the addition of the guideline revision's sixth footnote,⁷ which recognizes the Company's limited presence in Oregon and sets the expectation of a minimum of two community engagement meetings.

Additionally, Idaho Power would like Staff to consider modifying the guideline language such that it encourages utilities to streamline and converge relevant community engagement efforts. For example, it may be the most thoughtful approach for Idaho Power to have a distribution system discussion at wildfire-related education meetings within Eastern Oregon communities. With this idea in mind, the Company would recommend that community engagement count toward the requirement if communities are invited to participate in distribution-related aspects of the other planning efforts, such as the IRP or WMP. These are just examples; there will certainly be other circumstances in which a single meeting to accomplish multiple objectives may be the optimal approach to yield maximum customer and community participation.

Stated another way, if one of the goals of the revised guidelines is for utilities to find synergies across planning exercises and processes, then finding synergies in customer engagement should also be a goal. As Idaho Power has expressed previously in the DSP context, community engagement in Eastern Oregon is often a challenge—with a small customer base, oversaturation of meetings and information is a very real concern in the Company's outreach efforts and the Company has received stakeholder feedback to this effect. Guidelines that encourage utilities to streamline and align engagement across related issues is likely to result in the most participation for Idaho Power.

Idaho Power would also appreciate a definition of "larger projects" in part (d) of this section. Currently, the proposed language notes the kinds of projects that would be *excluded*.⁸ It is unclear, though, if "larger projects" include projects of a certain dollar value, physical size, or notable prominence. A qualifier in this section would help ensure that Idaho Power will engage communities about the kinds of projects envisioned by Staff.

Guideline 4: Current System Data and Assessment

Idaho Power is aligned with some aspects of Staff's modifications in this section but identifies a few areas for clarification, refinement, or additional flexibility.

In the first sentence of Guideline 4, Staff proposes that utilities provide "progress of investment" in the current distribution system. This is a change from the prior language to provide "recent investment." It would be helpful if Staff could explain what kind of information was not received under the "recent" guideline that it hopes will be captured in the "progress" revision. Additionally, if the "progress" language remains, it would be helpful to note that Section 4 is about

⁷ Staff Proposed DSP Revisions, redline version, Guideline (3)(a), p. 4.

⁸ *Id.*, Guideline (3)(d), p. 5.

historic spending, rather than planned future expenditure. Idaho Power interprets the guideline revisions as intending to capture forward-looking spend in the Near-Term Action Plan and Long-Term Plan sections. If this is not an accurate reading, the Company would appreciate additional language that captures Staff's precise objective and intention with Guideline 4.

In redlined part (h) of Guideline 4, Staff proposes that utilities provide a "summary of progress" on "investments, expenditures, and activities" from prior long- and near-term plans.⁹ Idaho Power would appreciate a deeper explanation of the purpose and function of this new section of the guidelines, specifically whether the proposed summary includes a status update about every project identified in a prior DSP. Additionally, the Company would appreciate understanding whether Staff is specifically focused on comparing estimated project costs to actual project costs, should a project transition from planned to constructed.

In redlined part (g), Staff added subpart (ii), which suggests that "proposed investments" based on reliability be supported by the utility's Annual Reliability Report. Idaho Power believes that this addition requires more conversation, including discussion of whether this requirement is better placed in the Near-Term Action Plan section, where projects and distribution system actions are identified and discussed. Regarding the language, Idaho Power would note that a DSP does not identify "proposed investment" because the utility is not yet planning to take any actions nor spend any money. Rather, it identifies ways to meet system needs and estimates the possible expense of doing so. As an alternative, Idaho Power suggests that "estimated cost" would be more appropriate.

In redlined part (i) of Guideline 4, Staff proposes that future DSPs should include a submitted data component available for "public review."¹⁰ Idaho Power proposes striking this, as the Company is unclear how the "summary of progress" on DSP projects in part (h) does not provide all the information necessary for the Commission to review and understand progress on various projects outlined in prior DSPs.

Additionally, the information requested in part (i) would typically be the basis of prudence review in a cost recovery filing. From its conversation with Staff, the Company understands that DSP projects themselves are not going to be authorized nor evaluated for approval within DSPs. Yet, the specific language to provide expenditure and investment data, as currently proposed in (i), is one example where the proposed guideline revisions transition the DSP from a planning document to pre-prudence review. In this regard, the proposed language appears at odds with Staff's suggestion that the purpose of the revised DSP guidelines is not an opportunity for early expenditure review in advance of a cost recovery filing.

Guideline 5: Forecasting of Load Growth, DER Adoption, and EV Adoption

Idaho Power is aligned with some of the proposed modifications to Guideline 5 but offers a few additional comments and suggestions for flexibility.

⁹ *Id.*, Guideline (4)(h), p. 9.

¹⁰ *Id.*, Guideline (4)(i), p. 9.

In part (a), Staff proposes that future DSPs forecast load growth at the feeder level, a level of granularity already provided by Idaho Power in its first DSP. However, this same feeder-level granularity is proposed for DER and EV adoption in part (b).¹¹ While it may be possible to identify the feeder location of some DERs that require an interconnection application, this is not necessarily a reasonable suggestion for electric vehicles (“EV”) for Idaho Power, which has a limited number of EVs in its Oregon service area. It is worth noting that customers do not need to inform a utility when purchasing an EV nor when installing an EV charger. Rather, EV information is usually obtained through state vehicle registrations by zip code. As a result, the Company considers the feeder-level requirement too granular for DERs and EVs for Idaho Power.

Idaho Power suggests more flexibility for utilities in forecasting DERs and EVs. However, should this level of forecast granularity be a priority for Staff, Idaho Power would respectfully request an allowance akin to the one in Staff’s proposed footnote 6. A similar footnote could exempt a small utility (by sales volume) from the feeder-level requirement for DER/EV forecasting.

It is also worth noting that the existing guideline language in part (vi) allows utilities discretion to determine the “methodology for geographic allocation.”¹² Idaho Power considers this existing language reasonable and flexible enough to give individual utilities the ability to allocate DERs and EVs across their systems as appropriate for the unique conditions of their systems.

Guideline 6: Grid Needs

In Guideline 6, Staff proposes revising the section title from “Grid Needs Identification” to “Grid Needs”—a shift that Idaho Power finds reasonable and in keeping with the goal of capturing a utility’s holistic distribution system needs. However, the Company identifies some areas of concern, as well as some individual language changes that may help with clarity.

First, in the introductory paragraph of this section, Staff’s proposed language calls out “front-of-meter DER,” a term that could cause confusion.¹³ Idaho Power suggests changing this language to “utility-owned or third-party DER.” Later in the same paragraph, when discussing the social and economic needs of communities, Staff proposes that ...“the contributions [communities] can make to strengthen it should be addressed.”¹⁴ Idaho Power fully appreciates and recognizes the importance of integrating community perspectives, but would suggest that “addressed” be shifted to “considered”—a slight language change to reflect that some distribution system changes must be made for safety, reliability, or other reasons and may not be able to address all the needs of a given community.

In part (b)—and again in (d)—Staff proposes a requirement to identify and classify grid needs by asset class. For distribution-level projects, which can range from small efforts to substation construction, the term “asset class” is not logical, as a single project could encompass a variety of asset classes. Idaho Power suggests that the proposed guidelines strike “asset class”

¹¹ *Id.*, Guideline (5)(b), p. 15.

¹² *Id.*, Guideline (5)(b)(vi), p. 15.

¹³ *Id.*, Guideline (6), p. 16.

¹⁴ *Id.*

from the DSP language, as it is not a logical nor useful way of trying to understand distribution system projects or needs.

Under part (c), Staff proposes adding a host of different specific requirements of grid needs. Idaho Power considers this entire list—from (i) to (v)—highly prescriptive. A simple solution would be changing the language from “Discuss and identify anticipated grid needs, including the following...” to “Discuss and identify anticipated grid needs, such as the following, as relevant and applicable...” Such a small modification would yield the sorts of information Staff is hoping to acquire but would create space for utilities to respond only to relevant items rather than be required to explain a lack of connection.

Under part (c)(i), Staff has proposed information on “renewal” needs. Idaho Power would appreciate additional clarity about whether Staff is speaking to distribution upgrades, re-construction efforts, both, or something else entirely.

Guideline 7: Solution Identification

Idaho Power appreciates where Staff has attempted to tighten and streamline the Solution Identification section. However, the Company does not support the added line that “The solutions identified should correspond to future general rate cases.”¹⁵ This language directly indicates a prudence review function of the DSP and, further, assumes all projects identified in a DSP will be built. In reality, a number of on-the-ground considerations may change, making a project no longer cost-effective or appropriate. As a result, Idaho Power would propose a modification such as the following: “DSPs should strive to connect identified grid needs with distribution investments in future general rate cases, recognizing that distribution-level changes occur routinely and may require modifying or canceling solutions identified in prior DSPs.”

Within part (a) of this section—and throughout the remainder of the guidelines—Idaho Power suggests uniform language to reference the “Near-Term Action Plan,” as opposed to “near-term plan” or other variations.

Within part (c), the Company would like to better understand Staff’s \$1 million baseline for traditional solutions and conducting a “screen” for grid solutions.

Additionally, Idaho Power takes issue with the non-wires solution screening criteria. The Company is concerned that the “comparatively cost-effective” language does not appropriately center least-cost planning fundamentals. As an initial matter, Idaho Power does not know how to evaluate “comparative” cost-effectiveness. If a project is more expensive than an alternative, it is not cost-effective. Requiring utilities to present non-wires alternatives that are more expensive than traditional solutions could be misleading and potentially confusing, inviting inquiry into the details of system engineering, project design, and project costs. Earlier in this docket, stakeholders used such opportunities to suggest that the definition of “cost-effectiveness” should be redefined to incorporate such elements as social costs of carbon and other non-monetized

¹⁵ *Id.*, Guideline (7), p. 16.

values. Considering the above, Idaho Power believes this subsection requires additional discussion and, in the absence of such a discussion, should be stricken from consideration.

Should this suggestion be perceived as a rejection of innovative thinking or lack of support for non-wires solutions, Idaho Power would note that it already screens for non-wires solutions for its distribution system projects, as it has explained in its DSP filings. To this end, the Company is installing four distribution-connected storage projects, one of which (the Weiser battery energy storage system) was evaluated to solve a grid need and selected as a "solution" within the Company's DSP from 2022.¹⁶

Guideline 8: Near-Term Action Plan

Staff has proposed a significant revision to this section, with a detailed list of requirements for projects that would fall within the DSP Near-Term Action Plan window. At a high-level, the added language aligns with the kinds of information a utility would supply to prove prudence. As such, the Company does not believe it is appropriate to require such detailed information without further conversation.

At a minimum, the Company reinforces its earlier comment that the DSP is not a document that identifies future investment and, with this in mind, the language within Guideline 8 warrants modification. One example comes in part (a)(3), which asks for "investment/expenditure amount." DSP projects are identified and can have project *estimates*, but those estimates do not necessarily translate to investment amounts. As a result, Idaho Power would suggest that this particular line change to "High-level project cost estimate."

Idaho Power also proposes striking section (c) in full, as the language explicitly asks the utility to prepare to justify DSP items in future general rates cases. Idaho Power welcomes additional conversations with Staff and other stakeholders to come up with reasonable language that can get closer to Staff's intent without turning the DSP into a precursor to cost recovery.

Guideline 9: Long-Term Plan

Reviewing Staff's proposed additions to the Long-Term Plan, Idaho Power notes that the requirements listed under the Near-Term Action Plan appear to have been duplicated. The Company would appreciate additional discussion with Staff to better understand the new objectives for the Long-Term Plan section. A simple solution would be striking all language from "The roadmap should include..." through (iii). This stricken section includes the duplicative Near-Term Action Plan language, as well as an additional requirement for utilities to connect items identified in the Long-Term Plan to investments in future general rate cases. Idaho Power has concerns with this language for the reasons noted previously but is open to discussion with Staff to develop revised language that achieves a reasonable and feasible outcome for the Long-Term Plan section.

¹⁶ Idaho Power's 2022 Oregon Distribution System Plan, Table 5.1, p. 53.

NEXT STEPS AND CONCLUSION

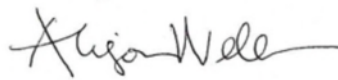
Idaho Power thanks Staff and the Commission for this opportunity to comment on the UM 2005 draft DSP guideline revisions. The Company appreciates that Staff would like to make progress on and resolve the revised guidelines by late July.¹⁷ However, this docket has been idle for many months and, rather than accelerate through significant proposed revisions, Idaho Power believes more process is warranted—both through discussion (which could come in the form of workshops or individual conversations between parties and Staff) and additional comment opportunities on the proposed revised guidelines.

Based on the significant changes proposed by Staff and the substance of Idaho Power's comments in response, the Company respectfully requests additional process to ensure future guidelines and guideline language can be considered and revised with a shared understanding of ultimate DSP objectives.

Idaho Power looks forward to ongoing work with Staff and other stakeholders to develop reasonable and achievable revisions to the DSP guidelines.

If you have any questions regarding these comments, please contact me at 208-388-2872 or awilliams@idahopower.com.

kindest Regards,

A handwritten signature in black ink, appearing to read "Alison Williams", with a horizontal line extending to the right.

Alison Williams

AW:cd

¹⁷ Staff's Docket Announcement and Schedule, April 26, 2024.