WRA Exhibit (NLK-1)
Docket No. 10-035-124

WESTERN RESOURCE ADVOCATES

To: PacifiCorp IRP Team
From: Western Resource Advocates
Date: March 24, 2011
Re: Comments on the Draft 2011 IRP

WRA appreciates the opportunity to provide initial limited comments on PacifiCorp's draft IRP. The draft was issued the evening of March 7; comments were requested on or before March 24, and the final draft will be submitted to Commissions with jurisdiction over PacifiCorp on March 31. Given the short timeframe for review and the even shorter timeframe for PacifiCorp to respond to comments prior to final filing, WRA recognizes the limits of this exercise. Nevertheless these initial comments provide an opportunity to outline areas of concern.

WRA's primary concern with this IRP is the conduct of the public input process. An opportunity to develop a shared understanding of the cost/risk tradeoffs of alternative resource acquisition and retirement strategies to meet an uncertain future has instead become an expensive regulatory exercise. Past Commission orders have been only superficially complied with; information that PacifiCorp agreed to provide has not yet been made available;[1] modeling results that were apparently completed and could have been released in a more timely manner have been delayed without explanation, thereby, circumventing stakeholder input and requests for further information; and PacifiCorp appears to have strategically applied modeling constraints, assumptions, and methods to achieve a desired planning outcome. In addition, training in the use of PacifiCorp's planning models has been delayed.

PacifiCorp's 2008 IRP Update signaled a shift in the Company's strategic planning direction and approach to resource planning that is continued with this IRP. Without analysis, approximately 500 MW of renewable and distributed resources were removed from the 2008 IRP Preferred Portfolio and the renewable resources that remained were delayed until late in the first half of the twenty-year planning period. System Optimizer was then used to optimize the unmet need with natural gas-fired resources and short-term market purchases. The resulting portfolio constituted the 2010 Business Plan.

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[1] Some of this information may be found in Volume II or may be in the supplemental information to be filed at a later date.

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The draft 2011 IRP formalizes this strategic direction. The selected preferred portfolio as modified is closely akin to the 2010 Business Plan Portfolio.

A number of assumptions and modeling decisions contribute to the selection of the modified preferred portfolio. Renewable resource types available to System Optimizer are unnecessarily constrained over the first half of the planning period. Wind integration and capital cost assumptions are high relative to other sources. The Production Tax Credit is assumed to expire at the end of 2014 instead of assumed to continue indefinitely as it was in the 2008 IRP. In addition, PacifiCorp appears to have vacillated in its use of "high" and "low to high" CO2 costs depending on its objective. Finally, the stochastic modeling of future loads was significantly changed (without seeking stakeholder input), thereby, reducing the apparent risk mitigating benefit of renewable resources.

An IRP designed to develop an analytical basis for previously determined strategic management direction rather than to serve as the analytical foundation for the Company's strategic business plan is troubling. In Utah, PacifiCorp just received regulatory approval to implement, at the end of the current rate case, an energy balancing account that will pass through to customers the majority of the risk that actual operating costs exceed the expected costs at the time resource decisions are made. And, in the current rate cases in Utah and Wyoming, the Company is seeking cost recovery for significant capital additions that have not been evaluated as part of the IRP process. Neither PacifiCorp's decision to build out its transmission system, nor the economic viability of investing in the environmental controls necessary to bring PacifiCorp's aging coal fleet into compliance with EPA regulation of emissions and fly ash, has been meaningfully analyzed. Although the Oregon Commission gave specific direction that coal retirement be evaluated as an option, PacifiCorp's analysis treats the investment in pollution controls as sunk; the ability to avoid these costs through early retirement is not an option.

Throughout this IRP process, limitations on time and Company resources have been given as reasons to limit analysis, stakeholder input, and access to information. WRA hopes PacifiCorp's intention to supplement the information provided in the filed IRP is an indication the Company is reconsidering its approach. We look forward to reviewing the information contained in Volume II and the supplemental filing and hope to find the transparency and meaningful evaluation we are seeking.