

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

LC 67

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2017 Integrated Resource Plan

Staff Final Comments

The above referenced slide states that the wind is needed to “improve reliability—this need persists even if coal generation is retired.” PacifiCorp has echoed this point in other recent filings: “PacifiCorp needs and has needed the new transmission line for quite some time.”<sup>25</sup> Contrary to these statements, it is clear that the construction of the segment represents an economic opportunity, not a need.

**3. PacifiCorp concedes that its proposed transmission line is not needed to address short-term reliability concerns on a stand-alone basis**

In the absence of the new wind acquisition, PacifiCorp would not construct or acquire the new transmission line. Representatives of PacifiCorp have repeatedly acknowledged this fact:

Staff: “Without the 1,100 MW of wind, would PacifiCorp build this transmission?”

PacifiCorp: “No, in essence that's what we're trying to demonstrate this transmission line paid for by the benefits of the wind.”

Staff: “So there is no reliability need to put this transmission in place absent the wind, is that correct?”

PacifiCorp: “Right. We are currently compliant with NERC reliability standards and expect to be going forward.”<sup>26</sup>

PacifiCorp's acquisition of new transmission associated with the 1,100 MW wind development proposal is therefore an economic opportunity, and not a needed system asset. If the resource were needed, it would be needed independent of any wind development. Staff is firmly convinced that PacifiCorp has not demonstrated a system need for capacity or transmission. Accordingly, Action Items 1a (as the above arguments apply equally to the 999 MW wind repowering project), 1b, and 2a should be reviewed and analyzed as economic opportunities, not actions to fulfill a need.

**3. A. 4. There are significant Customer Risks Associated with Energy Vision 2020.**

Given that the projects proposed by PacifiCorp do not address a capacity or energy shortfall, the focus on the risks they pose to PacifiCorp's customers becomes more acute. As previously noted, Staff is aware that, when investor-owned utilities invest in large capital projects for their systems, they are necessarily exposing their customers to financial risks the customers would not have otherwise been subject to. Barring a later finding of utility imprudence, it is the customer who absorbs variances in future outcomes, so that the investors of the utilities have the opportunity to realize their Commission-authorized returns with minimal risk. These risks, such as construction cost overruns and revenue shortfalls, can be significant. In this section, Staff highlights

<sup>25</sup> UM 1845 - PacifiCorp's Response Comments to Staff's Recommendation, p.2.

<sup>26</sup> Approximately 2:20 to 2:30 of the September 14, 2017 LC 67 Special Public Meeting.