

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC48**

In the Matter of	)	<b>WRA’S COMMENTS ON</b>
PORTLAND GENERAL ELECTRIC	)	<b>PROPOSED ORDER</b>
2009 Integrated Resource Plan	)	
	)	

The Willard Rural Association (“WRA”) wishes to thank the Oregon Public Utility Commission (“PUC”) and the PUC Staff for its hard work in reviewing the 2009 Integrated Resource Plan (“IRP”) submitted by Portland General Electric (“PGE”). The IRP is clearly very complex and Staff’s efforts are greatly appreciated.

The following comments relate to Staff’s recommendations and proposed order concerning the Cascade Crossing Project.

PUC Guideline 5 outlines information that should be incorporated in the planning process:

**Guideline 5: Transmission.**

Portfolio analysis should include costs to the utility for the fuel transportation and electric transmission required for each resource being considered. In addition, utilities should consider fuel transportation and electric transmission facilities as resource options, taking into account their value for making additional purchases and sales, accessing less costly resources in remote locations, acquiring alternative fuel supplies, and improving reliability. *PUC Order No. 07-002*

Sections of the IRP include information about PGE’s costs according to the above guideline, regardless of disagreements concerning IRP contents. However, PGE’s “least cost” analysis appears to be based on the overriding assumption that all of its transmission costs currently paid to BPA will increase in the future, but the future cumulative cost increase to PGE customers can be made less if PGE self-builds its own power line.

As was pointed out earlier, PGE’s transmission costs paid to BPA totaled about \$65 million last year. If that amount increases by 10% per year, it probably would not cover PGE’s cost of capitalizing the project. In other words, it looks like it is a better idea if they keep doing what they have been doing. Because of the focus on the Boardman issue, it appears project cost has not been adequately vetted.

It has been pointed out that PGE did not disclose in the IRP that BPA is in the process of constructing a major east-west transmission line for the purpose of relieving transmission constraints in the Northwest. The new BPA line is both a new resource and

an improvement to reliability that relates to PGE's analysis pursuant to Guideline 5. Neither Staff or PGE responded to this issue. The new BPA line raises unanswered questions concerning whether the BPA line makes the Cascade Crossing duplicative. PGE's failure to disclose the BPA project as part of a public review process appears to be a material omission.

Staff also erroneously indicates that assumptions regarding BPA's future transmission rates are based on "BPA's economic analysis." It appears BPA provided no submission or economic analysis in this proceeding. Moreover, related to the above issue, there is no indication in the IRP that PGE complied with the PUC's prior published order that requires PGE to coordinate with BPA concerning new transmission facilities.

Staff appears to agree with PGE that PGE's estimated cost of building a new line from Salem to Oregon City, for the purpose of making the Cascade Crossing Project meaningful, can be accomplished at a cost per mile that appears to be far less (about one quarter) than PGE's projected cost for the 200 mile portion of the project. It appears that PGE did not submit information adequate to support Staff's conclusion, although Staff does recognize that, unlike the longer leg, PGE saves right-of-way acquisition costs for the Salem to Oregon City leg. PGE also does not explain how system reliability is improved by building a major transmission line along a less direct route into an area where it has few customers (Salem), when most of its customers are in the Portland metropolitan area.

Staff does not explain how it is in the public's best interest to have privately owned utility companies own and operate pieces of a larger transmission system. Common sense dictates that a transmission system operated by multiple entities is less efficient. The rolling blackouts experienced in California many years ago has been attributed to lack of access to private lines, rather than total available capacity – which is the reason for the current "open access" policy.

Staff appears to lack adequate resources and experience to evaluate PGE's estimates concerning land values or right-of-way acquisition costs. Everyone involved with this process will agree that agricultural businesses impacted by this project will be entitled to every dollar of damage and cost.

And finally, Staff appears to recognize that there are no statistics that support PGE's over-statements concerning load growth in PGE's service area. Staff does not dispute that electric energy consumption in Oregon has been a flat-line for over a decade (according to PUC statistics) and PGE's peak load record, set in 1998, has not been exceeded since then.

However, while common sense suggests power lines are built, when needed, due to real load growth, Staff's overall comments create the impression that this issue is the least important.

If the PUC acknowledges PGE's 2009 IRP, it is respectfully requested that the PUC incorporate the following additional requirements for inclusion in PGE's next IRP:

- (1) An updated analysis as to right-of-way acquisition costs.
- (2) An updated analysis concerning need for the project based on BPA's current transmission projects coming on-line.

DATED this 28<sup>th</sup> day of October 2010.

A handwritten signature in blue ink that reads "Bruce A. Kaser" with a small "ds" at the end.

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**Certificate of Service**

I certify that I have this day served the foregoing WRA's Comments on Proposed Order upon all parties of record in LC 48 by delivering a copy by electronic mail to all parties as indicated on the service list compiled by the OPUC.

Dated this 28<sup>th</sup> day of October 2010.

A handwritten signature in blue ink that reads "Bruce A. Kaser" followed by a small "ds" mark.

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