

1 First, David Mast and Doris Mast assert there is no need for additional capacity, given
2 the current capacity of the Wilson substation and the distribution line to the Oceanside/Netarts
3 area,¹ and because they allege total system capacity and central valley capacity is adequate in
4 light of sales growth.² David Mast further argues that TPUD has created artificial demand
5 through its agreement with the Tillamook County Creamery Association (TCCA), alleging that it
6 distorts the load figure.³

7 Staff's testimony provides that it initially found, on review of TPUD's N-1 analysis
8 removing a transformer in the Wilson substation, that there was an immediate need for capacity,
9 or TPUD would not be able to reliably meet existing load.⁴ TPUD has since added some
10 additional capacity to the Wilson substation, following an equipment failure. TPUD, per the
11 Commission's bench request, conducted new N-1 analysis, concluding that the system will only
12 be able to operate an additional eight to 17 years without reliability issues such as not being able
13 to serve load under an N-1 scenario by removing the Wilson transformer 2.⁵ Staff concludes in
14 testimony that TPUD has followed utility best practices with its analyses in applying nameplate
15 capacity and planning for peak usage rather than average demand.⁶ Planning for peak usage is
16 also more appropriate than a review of revenue. With respect to the TCCA load, TPUD is the
17 provider of last resort for this customer, and it is appropriate for this load be included in planning
18 for peak demand. Staff differs from the position of the Intervenor in that it finds the TPUD
19 planning approach to be reasonable. The timeframe TPUD identified for the current system
20 demonstrates a need for additional capacity within a short time, given the time needed to
21 construct a transmission line. Once built, the transmission line will provide a long term solution

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23 ¹ Doris Mast Reply Brief at 2.

24 ² David Mast Reply Brief at 2, 4-5.

25 ³ David Mast Reply Brief at 5-6.

26 ⁴ Staff/400, Hanhan/9-10.

⁵ Staff/500, Hanhan/4.

⁶ Staff/400, Hanhan/9-10, 14.

1 to capacity constraints, lasting 38 to 48 years.⁷ This project will address TPUD's need for
2 additional capacity.

3 In addition, Intervenor Don Aufdermauer asserts there is no load growth to support a
4 need for the project.⁸ Staff provided testimony that finds it is unlikely that there will be no load
5 growth, but assuming that is the case, there is still a future need for additional capacity. In the
6 utility's analyses, TPUD used its 2009 peak, without assuming additional growth, only adjusting
7 for system conditions as they were in 2016 in the most recent analysis.⁹ On this basis, TPUD
8 finds the system capacity may serve for an additional 17 years. Staff does not find it realistic or
9 reasonable to plan for zero growth. TPUD also evaluated its system by applying a growth rate of
10 0.9259 percent to the 2009 peak, and this resulted in a capacity period of eight years. Staff
11 accepts this rate as reasonable.¹⁰ Thus, additional capacity will likely be needed sooner than
12 later if no load growth occurs, but in either event, TPUD will need additional capacity within
13 eight to 17 years.

14 Second, Intervenors David Mast, Doris Mast and Tilla-Bay Farms, Inc. allege the
15 proposed transmission line will not improve reliability.¹¹ Staff does not agree that the
16 evidentiary record supports these concerns. David Mast raises concerns that the added capacity
17 of the transmission line and Oceanside substation would be transmitted on the rebuilt distribution
18 line, alleging it is an unreliable feeder.¹² Doris Mast further argues that the added capacity will
19 shift outages to the central valley.¹³ And, Doris Mast and Tilla-Bay Farms, Inc. assert that the
20 village of Cape Meares will face reliability issues as a result of the transmission line project.¹⁴

21 ⁷ Staff/500, Hanhan/4; TPUC/400, Fagen/32.

22 ⁸ Don Aufdermauer Reply Brief at 1.

23 ⁹ Staff/400, Hanhan/9; Staff/500, Hanhan/5; TPUD/400, Fagen/4, 15-16.

24 ¹⁰ Staff/500, Hanhan/4-5.

25 ¹¹ David Mast Reply Brief at 4; Doris Mast Reply Brief at 1-2, 3-4; Tilla-Bay Farms, Inc. Reply Brief at 3.

26 ¹² David Mast Reply Brief at 4.

¹³ Doris Mast Reply Brief at 3-4.

¹⁴ Doris Mast Reply Brief at 1-2, 4; Tilla-Bay Farms, Inc. at 3.

1 Staff's testimony explains that the transmission line will transfer load to the Oceanside
2 substation, reducing load under normal operating conditions.¹⁵ Without the transmission line,
3 TPUD's testimony states it would encounter low voltage conditions that would affect the central
4 valley in an N-1 situation.¹⁶ Staff also explains that the transmission line will limit the impact
5 and extent of outages by replacing the radial distribution line to the Oceanside/Netarts area with
6 a looped system.¹⁷ TPUD's testimony further explains that the transmission line project includes
7 the new substation, an Oceanside distribution feeder and a Netarts feeder, both primarily
8 underground, and a rebuilt distribution line W51 that will serve 250 customers in the Whiskey
9 Creek area.¹⁸ Staff and TPUD are in agreement that use of a higher voltage transmission line,
10 which has a wider corridor, to serve the Oceanside/Netarts area, is more reliable than a
11 distribution line.¹⁹ In addition, the transmission line will add redundancy, replacing a radial line.
12 Staff does not find merit in the Intervenor's doubts about the reliability benefits of the
13 transmission line.

14 Third, the Intervenor's express concerns that TPUD did not adequately explore other
15 options that may better address its needs.²⁰ David Mast proposes moving distribution line 51 to
16 the Trask substation, and replacing aging conductors to address capacity.²¹ Mr. Mast and Tilla-
17 Bay Farms, Inc. argue reliability issues can be reduced with a wider right of way and better
18 vegetation management.²² It remains Staff's position that among the options considered by
19 TPUD, the transmission line project is the only option that addresses all of TPUD's needs.
20 TPUD has submitted testimony that additional capacity would be needed at the Trask substation,

21 ¹⁵ Staff/200, Hanhan/10.

22 ¹⁶ TPUD/400, Fagen/19.

23 ¹⁷ Staff/200, Hanhan/10.

24 ¹⁸ TPUD/400, Fagen/22.

25 ¹⁹ Staff/400, Hanhan/16; Staff/500, Hanhan/3-4; TPUD/400, Fagen/20.

26 ²⁰ Don Aufdermauer Reply Brief at 1; David Mast Reply Brief at 2, 3-4; Tilla-Bay Farms, Inc. Reply Brief at 2.

²¹ David Mast Reply Brief at 2.

²² David Mast Reply Brief at 3-4, Tilla-Bay Farms, Inc. at 2.

1 at greater cost than the proposed project.²³ As relayed in Staff's testimony, TPUD reliance on
2 the distribution feeders without additional capacity, presents reliability issues with low voltage
3 under N-1 conditions.²⁴ Most importantly for Staff, the transmission line project is more suited
4 to address the reliability issues than a lower voltage distribution line that has a narrower corridor.
5 It will also provide redundancy by replacing a radial line with a looped system.

6 Finally, Tilla-Bay Farms, Inc. asserts the true purpose of the transmission line is to
7 transmit offshore energy to the grid.²⁵ Staff provided testimony that the Oceanside substation
8 was not designed for an additional transmission line connection, and if an off-shore project
9 materialized, a significant expansion of the substation would likely be needed.²⁶ Independent of
10 such considerations, there is a need for the transmission line and Staff does not find this issue to
11 be a matter that affects consideration of whether the line is a necessity.

12 2. Staff continues to support a finding that the proposed transmission line provides for safety.

13 Staff recommends the Commission find the proposed line is safe because it will be
14 constructed, operated and maintained in accord with the relevant safety standards. Intervenor
15 Don Aufdermauer is supportive of safety requirements.²⁷ Two intervenors note safety concerns.
16 Tilla-Bay Farms, Inc. states its concern about the risk posed by operation of the transmission line
17 to people and livestock.²⁸ Doris Mast and Tilla-Bay Farms, Inc. both raise concerns about the
18 risks posed by location of the transmission line near forestlands, such as risk of fire and impacts
19 to logging operations.²⁹ Staff finds any such concerns have been appropriately reviewed and
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22 ²³ TPUD/400, Fagen/26-27.

23 ²⁴ Staff/500, Hanhan/3.

24 ²⁵ Tilla-Bay Farms, Inc. Reply Brief at 2.

25 ²⁶ Staff/300, Gibbens/10-11.

26 ²⁷ Don Aufdermauer Reply Brief at 1.

27 ²⁸ Tilla-Bay Farms, Inc. Reply Brief at 3.

28 ²⁹ Doris Mast Reply Brief at 5; Tilla-Bay Farms, Inc. Reply Brief at 3.

1 addressed during this proceeding and in the Tillamook County conditional use permit application
2 process.³⁰ Staff supports a finding of safety.

3 3. Staff continues to support a finding that the proposed transmission line is practicable.

4 Staff supports a finding that the transmission line is practicable. The proposed route is
5 appropriate, the project is feasible and it can be effectively and efficiently constructed. The other
6 intervenors do not appear to question TPUD's ability to construct the project, but question route
7 choice and its financial feasibility. Two intervenors compare the feasibility of the transmission
8 line to other alternatives, such as the distribution line option.³¹ While such a comparison is
9 relevant to consideration of the necessity of the project, once there is a need for the project, the
10 proposed route for the transmission line should be examined to confirm feasibility. Thus, Staff
11 considers it appropriate to compare the proposed route to alternate transmission routes, but not to
12 distribution line projects.³²

13 To this point, Don Aufdermauer argues that the transmission line route is not optimal as it
14 is not the shortest route nor is there cost savings, and very little of the route has existing right of
15 way.³³ Staff's testimony on this issue states that Staff was not able to identify other viable
16 options to those evaluated by TPUD. Of the route options evaluated, where TPUD did not
17 choose the lowest cost route segment, it chose the segment that traveled along an existing road
18 for a greater distance, with fewer stream crossings, and was preferred by affected landowners.³⁴
19 Staff finds the proposed route to be appropriate.

20 Regarding financial feasibility, David Mast and Doris Mast reiterate concerns about the
21 necessity of the project and argue a project cost of \$16 million is not worthwhile in light of those
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23 ³⁰ Staff/200, Hanhan/5; TPUD/413, Fagen.

24 ³¹ David Mast Reply Brief at 7; Tilla-Bay Farms, Inc. Reply Brief at 3-4.

25 ³² See Order No. 17-111 at 4-5.

26 ³³ Don Aufdermauer Reply Brief at 2.

³⁴ Staff/100, Gibbens/11.

1 concerns.³⁵ Don Aufdermauer and David Mast raise a general concern about project costs being
2 born by ratepayers on top of other rate increases.³⁶ Staff continues to find the proposed
3 transmission line feasible. The project is necessary and the rate impact analysis should be aimed
4 at determining whether the transmission line is a cost-effective solution.³⁷ Staff testified
5 regarding its analysis of the initial cost of \$13.5 million, finding this would have a modest impact
6 on customer rates, even with 50 percent cost overruns.³⁸ Staff provided testimony that the \$13.5
7 million figure results in an average cost of \$2.57 per month per residential customer over the first
8 ten years, and, with a 50 percent cost overrun, the average monthly impact for a residential
9 customer would be \$3.86 (a 3.5 percent increase) on average for the first ten years. TPUD has
10 provided testimony that its current estimate of project costs is slightly higher, at \$14.6 million.
11 TPUD disputes the \$16 million cost figure used by the Intervenor as inclusive of other project
12 costs.³⁹ Regardless, both figures fall below Staff's assumed worst case scenario of cost overruns,
13 which would put the project cost at close to \$20 million. Staff's analysis supports a finding that
14 the project is cost-effective.

15 On review, Staff supports a finding of practicality.

16 4. Staff continues to support a finding that the proposed transmission line is justified.

17 The other intervenors are in agreement that the project and its associated costs are not
18 justified because they do not find the project to be necessary.⁴⁰ Staff continues to endorse a
19 finding that the project is justified. The project will provide tangible benefits to those who
20 receive electric service in the central Tillamook valley and the Oceanside/Netarts area: a long-
21 term solution to TPUD's need for additional capacity, improved reliability, reduced outages, and

22 ³⁵ David Mast Reply Brief at 9; Doris Mast Reply Brief at 5.

23 ³⁶ Don Aufdermauer Reply Brief at 2; David Mast Reply Brief at 9.

24 ³⁷ Order No. 17-111 at 5.

25 ³⁸ Staff/100, Gibbens/7; Staff/300, Gibbens/5.

26 ³⁹ TPUD/500, Fagen/13.

⁴⁰ Don Aufdermauer Reply Brief at 2; David Mast Reply Brief at 8; Doris Mast Reply Brief at 5; Tilla-Bay Farms, Inc. at 4.

1 flexibility in serving load and performing maintenance. Staff acknowledges there are negative
2 impacts as well, but its analysis of the practicality of the project indicates the route is appropriate
3 and financially feasible. Ultimately, TPUD, not the Commission, determines its customers'
4 rates. Therefore, Staff supports a finding that the project is justified to support issuance of a
5 Certificate for condemnation purposes.

6 5. Issuing a Certificate remains consistent with Statewide Planning Goals and compatible with
7 the relevant acknowledged comprehensive plans and land use regulations of the affected
8 local governments.

8 Staff believes that this project is consistent with Statewide Planning Goals and local land
9 use comprehensive plans and regulations, based on the documentation provided by the relevant
10 local governments, City of Tillamook and Tillamook County. Tilla-Bay Farms, Inc. and David
11 Mast express concern with the compatibility of the project with the County's land use
12 regulations, noting the line will cross farm land, and a number of other zones and overlays that
13 an Option 3 distribution line would not.⁴¹ Don Aufdermauer notes that an appeal of the land use
14 decision was pending before the Land Use Board of Appeals (LUBA) at the time Staff and the
15 Intervenors filed reply briefs.⁴²

16 Since that time, on March 14, 2019, LUBA issued an order affirming the Tillamook
17 County Board of Directors' decision approving TPUD's land use applications.⁴³ Accordingly, it
18 continues to be the case that TPUD has received the necessary approvals from Tillamook
19 County. Staff continues to support a finding that the project is consistent with Statewide
20 Planning Goals and complies with local land use comprehensive plans and regulations.

21 III. CONCLUSION

22 For the foregoing reasons, Staff's continued recommendation is that the Commission
23 finds TPUD's Petition for a Certificate of Public Convenience and Necessity is supported by the

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25 ⁴¹ David Mast Reply Brief at 10-12; Tilla-Bay Farms, Inc. Reply Brief at 3.

26 ⁴² Don Aufdermauer Reply Brief at 2.

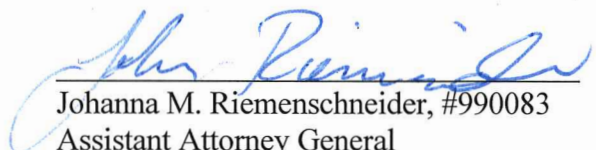
⁴³ *Tilla-Bay Farms, Inc. v. Tillamook County*, LUBA No. 2018-115 (March 14, 2019), available at:
<https://www.oregon.gov/LUBA/docs/Opinions/2019/03-19/18115.pdf>.

1 necessity, safety, practicability and justification in the public interest of the project. Staff further
2 recommends the Commission find the project is consistent with Statewide Planning Goals and
3 compatible with local land use requirements, and issue an order granting the Petition.

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5 DATED this 26th day of March 2019.

6 Respectfully submitted,

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