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October 6, 2017

Public Utility Commission of Oregon
PO Box 1088,
Salem, OR 97308-1088
Attn: Filing Center

Re: Tillamook People's Utility District
Petition for Certificate of Public Convenience and Necessity

Dear Filing Center:

Enclosed for filing is Tillamook People's Utility District Petition for Certificate of Public Convenience and Necessity ("Petition"). Pursuant to our discussion with Commission staff, we are submitting an electronic copy of the Petition to the Filing Center, along with supporting testimony. Given the size of the exhibits to the testimony, however, the exhibits are being submitted only in hard copy and on disk, all of which are being mailed today.

The complete filing contains the following:

1. Petition
2. Pre-filed Testimony of Todd Simmons (TPUD/100) ("Simmons Testimony")
3. Exhibits TPUD/101 through TPUD/106 of the Simmons Testimony
4. Pre-filed Testimony of KC Fagen (TPUD/200) ("Fagen Testimony")
5. Exhibits TPUD/201 through TPUD/212 of the Fagen Testimony

Sincerely,



Tommy A. Brooks

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PCN-2

In the Matter of the Petition of

TILLAMOOK PEOPLE’S UTILITY
DISTRICT

**PETITION FOR CERTIFICATE OF
PUBLIC CONVENIENCE AND
NECESSITY**

**PETITION FOR CERTIFICATE OF
PUBLIC CONVENIENCE AND
NECESSITY**

Pursuant to ORS 758.015 and OAR 860-025-0030, Tillamook People’s Utility District (“Tillamook PUD” or “TPUD”) petitions the Public Utility Commission of Oregon (“Commission”) for a Certificate of Public Convenience and Necessity (“CPCN”) authorizing the construction of an 8.6 mile long overhead transmission line from a breaker in the Tillamook Substation owned by the Bonneville Power Administration (“BPA”) to the proposed new Oceanside Substation owned by Tillamook PUD (“Transmission Line”). In support of this Petition, Tillamook PUD relies in part on the pre-filed testimony of Todd Simons (“Simmons Testimony”) and KC Fagen (“Fagen Testimony”), included with this Petition, and states the following:

I. Introduction

Tillamook PUD serves all of Tillamook County and parts of Clatsop County and Yamhill County. Tillamook PUD is a municipal corporation, authorized by Section 12, Article XI of the Oregon Constitution and organized under ORS Chapter 261. Tillamook PUD was the first people’s utility district (“PUD”) in Oregon, established when Tillamook County voters approved

formation of a PUD on July 23, 1933. However, Tillamook PUD engaged in no activities until 1937, when a power purchase request was made to the newly formed BPA.

By mid-1949, Tillamook PUD was providing service to 60 percent of the residences within the cities of Tillamook, Bay City, Garibaldi, and Rockaway Beach. Tillamook PUD continued to expand and, following the 1954 merger of Mountain States Power Company with Pacific Power and Light Company, negotiated the purchase of the former Mountain States Power Company system. Tillamook PUD has been the sole supplier of electricity to virtually all of Tillamook County since that time.

As a public entity and consumer-owned utility, Tillamook PUD is not subject to the Commission's jurisdiction with regard to its rates, service, and accounting practices. The Commission does, however, have oversight for some PUD activities. Specifically, ORS 758.015(1) requires all utilities, including consumer-owned utilities, proposing to construct overhead transmission lines to petition the Commission for a CPCN if a transmission line will necessitate condemnation of land or an interest in land.

ORS 758.015(2) requires the Commission to give notice of this Petition and to hold a public hearing. Tillamook PUD respectfully requests that the Commission provide public notice of a hearing within thirty (30) days of receiving the Petition, hold the public hearing within one hundred twenty (120) days after the date of the Petition filing, and issue a final determination within thirty (30) days after the public hearing. The proposed schedule is similar to the schedule the Commission recently followed in another CPCN docket, and will align with the land use permitting process Tillamook PUD is undertaking at the same time. In general, the proposed timing is critical for Tillamook PUD to be able to acquire the necessary land rights to move the project forward, which is needed to enhance system reliability for existing and new customers.

The Transmission Line is needed to adequately provide reliable service to existing and new customer loads in large portions of Tillamook PUD's service territory, and is most critical for customers in the coastal areas around Netarts and Oceanside. The customers who will benefit from the Transmission Line are diverse and include residential, small commercial, large commercial, industrial, water and sewer Districts, and irrigation uses. The area to be served directly by the Transmission Line is currently served from a 14-mile radial 24.9 kV line sourced from Tillamook PUD's Wilson River Substation. The existing 24.9 kV line is aging, has limited capacity and poor reliability, and has subjected Tillamook PUD customers to long outages of increased frequency. In part because of the load growth Tillamook PUD has and continues to experience in coastal areas, reliability issues on the existing 24.9 kV line are expected to increase and if a solution is not forthcoming, a moratorium will have to be imposed on new electric connections. The Transmission Line will increase overall system reliability and ensure that Tillamook PUD can adequately serve its existing and future customers.¹

Communications regarding this Petition should be addressed to the following:

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¹ Exhibit TPUD/200, Fagen/2 to Fagen/3.

II. Legal Standard

Under ORS 758.015, an electric utility must petition the Commission for a CPCN when condemnation of land is necessary for the construction of an overhead transmission line. As explained in more detail below, Tillamook PUD is in the process of obtaining consent to construct the Transmission Line from property owners along the route. Tillamook PUD is optimistic that it will obtain some property owner consents, reducing the likelihood that condemnation will be necessary along the entire route. However, out of an abundance of caution based on a petition signed by several land owners and presented to Tillamook PUD, and in anticipation that a small number of property owners may not provide timely consent, Tillamook PUD is submitting this application in the event condemnation is ultimately required.

Upon receipt of a petition for a CPCN, the Commission must conduct an investigation to “determine the necessity, safety, practicability and justification in the public interest for the proposed transmission line....”² The Commission considers the “public interest” when addressing each of these requirements, not as a separate standard.³ The Commission must also determine whether the Transmission Line is compatible with local land use regulations.⁴

III. Compliance with OAR 860-025-0030 Filing Requirements

A. OAR 860-025-0030(1)(b): Information required under OAR 860-025-0005

² ORS 758.015(2).

³ See *Pacific Power Petition for Public Convenience and Necessity*, UM 1495, Order No. 11-366 (Sept. 22, 2011).

⁴ OAR 860-025-0030(2).

OAR 860-025-0005 requires that an application for a CPCN “comply with all other applicable Commission rules.” Other than procedural rules, which Tillamook PUD will follow, Tillamook PUD is not aware of any other Commission rules that apply to this application.

B. OAR 860-025-0030(1)(b): Detailed description and purpose of the proposed transmission line

1. Detailed Line Description

Tillamook PUD's Transmission Line will be operated at 115 kV and will be sourced from an existing breaker in BPA's Tillamook Substation. The Transmission Line will run 8.6 miles from the Tillamook Substation and terminate at the new Oceanside Substation located approximately one mile north of Netarts and adjacent to a waste water treatment plant that serves that area.⁵ BPA's Tillamook Substation, the eastern terminus of the line, is an existing major transmission switching station with numerous lines running from that substation to serve Tillamook PUD's service territory as well as counties to the north and south of Tillamook.⁶

The electrical conductor is the wire (or wires) that carries or moves electric current. The proposed single-circuit line will consist of three conductors, one per phase, that carries the electrical current making up the single-circuit configuration. The conductors will not be covered with insulating material; instead, they will use air for insulation and ground clearance for public safety. Conductors will be attached to power poles using insulators to prevent the electricity in the conductors from moving to other conductors, the power poles, and the ground. Arial markers will be used at river and slough crossings to provide visibility in accordance with an Avian Protection Plan.

⁵ Exhibit TPUD/200, Fagen/1 to Fagen/2; Exhibit TPUD/203.

⁶ Exhibit TPUD/200, Fagen/2.

A smaller overhead shield wire will be attached to the top of the power poles within a mile of the Tillamook Substation. The overhead shield wire extending for about a mile out of the proposed Oceanside Substation will have a core containing optical fibers used to transmit system protection data. The shield wire will provide ground protection to the transmission line from lightning damage.

Along the line, 87 power poles are proposed to hold the conductor. The power poles will vary in height, ranging approximately between 50 to 125 feet above ground. The actual height and diameter of each pole will be determined by topography and safety requirements for conductor clearances. Power poles will be either steel or wood consisting of a single pole or of two or three poles per structure depending on soil types and span lengths.

Monopoles are used from MP 0.2 to MP 2.8, at which point the line turns south off of Goodspeed Road. 2-pole and 3-pole structures are used from MP 2.8 to the end of the project. Wood poles will be used from MP 0.0 to 1.6 and from MP 4.7 (west of Bayocean Road) to the end of the project, except for self-supporting structures where steel poles will be used. The steel power poles will be tubular with a painted galvanized coating and will measure approximately 1.5-feet-in-diameter to 3.5-feet-in-diameter at the ground line. It is anticipated that the steel power poles will be placed on a vibratory concrete caisson base from Highway 101 to Bayocean Road. The depth of the base and the use of vibratory caisson will vary from 20 to 40 feet deep based on soil conditions and the loads supported by the base.

The distance between power poles will vary depending on different factors including but not limited to topography, location of jurisdictional waters, existing land use, and clearance requirements. In general, the distance between power poles ranges between approximately 300 and 1,600 feet. The minimum conductor clearances from the ground and other power poles will

exceed the requirements of the NESC and the RUS, maximizing the underlying property owner's use of the land.

Dead-end power poles will be used at regular intervals on the line to accommodate adequate conductor tensioning. Guy wires support some of the dead-end power poles and are held in place by subsurface anchors. Other power poles are self-supporting and do not require additional down guys, thereby reducing impacts on land usage. Included with my testimony as Exhibit TPUD/207 is a diagram showing typical power pole structures proposed for the project. The spacing of power poles is depicted in Exhibit TPUD/208 which shows the profile of the entire line.⁷

The Transmission Line will be constructed, operated, and maintained to meet or exceed all applicable National Electric Safety Code standards, as well as all applicable federal, state and local laws, regulations, and ordinances.⁸

2. Purpose of the proposed Transmission Line

The purpose of the Transmission Line is to adequately provide service to existing and new loads in a portion of Tillamook PUD's service territory. By the plain terms of the Commission's governing statutes, the Commission must consider the "necessity, safety, practicability and justification in the public interest of the proposed Transmission Line."⁹ As the Commission has recognized, these are delegative terms and the Commission has a great deal of discretion to construe and apply them in the context of the laws and policies governing condemnation of private property.

⁷ Exhibit TPUD/200, Fagen/9 to Fagen/11.

⁸ Exhibit TPUD/200, Fagen/11.

⁹ ORS 758.015(2).

a. Necessity of the Proposed Transmission Line

The Transmission Line is needed to increase reliability, accommodate load growth by adding system capacity, and address aging infrastructure.

As described below and in the Simmons Testimony, the Transmission Line is necessary to enhance reliability on the Tillamook PUD system, provide safe and reliable service to Tillamook PUD's existing load and future load that is anticipated to come online, and to replace existing, aging infrastructure. Tillamook PUD's Board of directors has independently reviewed the need for the Transmission Line, including a preferred route.¹⁰

i. Reliability

The Transmission Line will directly serve approximately 1,800 electric meters (customers), which equates to a population of 3,800, in the geographic area along Highway 131 that is west of the Tillamook River. This includes the communities of Oceanside and Netarts, as well as the area near Whiskey Creek Road. Currently, this area is served by a more than 14-mile-long radial distribution line that passes through forest lands and tree-lined rights of way out of the Wilson River Substation. Most of the customers served from the existing line are located near the ends of the line and have experienced many outages.¹¹

The Transmission Line, including the new substation, will provide a new, more reliable source of power to the Netarts/Oceanside areas, will provide a connection to other power sources (normally open looped connection), and substantially reduce the number of customers involved in an outage and the length of the outage. Transmission lines are built to a higher degree of

¹⁰ Exhibit TPUD/100, Simmons/2; Exhibit TPUD/103.

¹¹ Exhibit TPUD/200, Fagen/3 to Fagen/4; Exhibit TPUD/212.

reliability than distribution lines due to their more critical nature and have much wider rights of way than distribution lines that help protect the lines. The new Oceanside substation will provide a second source of power near the end of the existing line. If an outage occurs, Tillamook PUD will be able to isolate the damaged line from the undamaged portions of the line and restore service from the substations at each end of the line. This will substantially reduce the length of the outage for customers not located along the damaged line segment.¹²

The new substation will have two distribution feeders. As a result, there will be fewer customers on each feeder and an outage on one of the feeders will not affect customers on the other feeder. The new line will also increase reliability for other customers not directly serviced by the new line. For example, during outages related to the Wilson River Substation, the Transmission Line will allow Tillamook PUD to transfer loads from the City of Tillamook and the surrounding area onto the Transmission Line and substation.¹³

ii. Load Growth

The Wilson River Substation is approaching its capacity due to load growth in the City of Tillamook, Bay City, and the communities of Netarts and Oceanside. This electrical load at peak winter times is approximately 65 megawatts (MW). The load is served by two power transformers in the Wilson River Substation that have nameplate ratings of 33 megavolt-ampere (MVA) and 44 MVA. Under normal conditions, the load is shared by these two transformers. When one of the transformers is not available, however, the load is served by the other transformer and the load is shifted to power transformers in the Trask River and Garibaldi

¹² Exhibit TPUD/200, Fagen/4.

¹³ Exhibit TPUD/200, Fagen/4.

Substations. As loads have grown, the ability to transfer loads to the adjoining substations has exceeded the capacity of the system elements (i.e. conductors and transformers) to carry the additional load.¹⁴

The existing 24.9 kV distribution line serving Netarts and Oceanside already has two voltage regulators in series and is approaching the limits of these regulators. As additional loads are connected to the system, the existing infrastructure will no longer be able to reliably provide adequate service, affecting the quality of the power to the Netarts-Oceanside customers.¹⁵

The Transmission Line will allow Tillamook PUD to transfer approximately 11 MW of load at peak times from the Wilson River Substation to the new Oceanside Substation. This will allow the new substation to accommodate continued development and growth in the Netarts-Oceanside area, while the Wilson River Substation supports additional growth in other areas of Tillamook PUD's service area. It will also allow for additional reserve capacity to allow for the transfer of loads from the Wilson River, Garibaldi or Trask River Substations during outage or maintenance conditions.¹⁶

iii. Aging Infrastructure

Approximately two miles of the existing radial distribution line serving the Netarts, Oceanside, and Whiskey Creek Road areas consist of a double-circuit pole line that is more than 50 years old. The top circuit is a Copper-Weld Copper wire that is failing due to the rusting of the inner steel core of the wire. Industry safety practice does not allow personnel to work on the wire while energized.

¹⁴ Exhibit TPUD/200, Fagen/4.

¹⁵ Exhibit TPUD/200, Fagen/4.

¹⁶ Exhibit TPUD/200, Fagen/4 to Fagen/5.

This existing double circuit line needs to be replaced with a single circuit of much larger wire. Currently, this work cannot be accomplished without several long, extended outages to all customers in the Netarts, Oceanside, and Whiskey Creek Road areas. By constructing the Transmission Line and substation, this segment of line can be removed from service and reconducted without interrupting service to any customers.¹⁷

b. Safety of the Proposed Transmission Line

As described in the Fagen Testimony, the Transmission Line will satisfy the Commission's safety criterion, because it will be constructed, operated, and maintained to meet or exceed all applicable National Electrical Safety Code standards, as well as all applicable federal, state and local laws, regulations, and ordinances. Further, Tillamook PUD has substantial experience in operating and maintaining transmission lines in a safe, efficient manner.¹⁸

c. Practicability of the Proposed Transmission Line

Tillamook PUD, in collaboration with the community and its leaders, has developed a route that is practicable and has the least overall impact on the community. The starting and ending points are guided by Tillamook PUD's and BPA's existing infrastructure. As noted above, the Wilson River Substation is approaching capacity. The closest substation to the Netarts/Oceanside area where capacity can be gained is BPA's Tillamook Substation. By utilizing that substation, Tillamook PUD can rely on existing infrastructure and construct a shorter line than if other starting points were chosen. The preferred route also allows Tillamook

¹⁷ Exhibit TPUD/200, Fagen/3.

¹⁸ Exhibit TPUD/200, Fagen/11.

PUD to rely on existing rights of way in many areas, thereby reducing potential conflicts and impacts on surrounding uses.¹⁹

d. Justification of the Proposed Transmission Line

As indicated above, the Transmission Line will provide many benefits to Tillamook PUD and its customers and will allow Tillamook PUD to continue to meet its obligation to provide safe and reliable service to all of its existing members and future members.

C. OAR 860-025-0030(1)(c): Spatial information

This rule provision requires an application for a CPCN to contain various maps and figures. The rule language is set forth below in *italics*, followed by Tillamook PUD's response.

(c) A map or maps drawn to appropriate scale showing the general location and boundaries of petitioner's service area to be connected or served by the proposed transmission line and showing, by appropriate distinguishing colors and symbols, but not limited to, the following information:

(A) Proposed route, voltage and capacity of the proposed transmission line.

Exhibit TPUD/102 included with the Simmons Testimony shows Tillamook PUD's service territory. Exhibit TPUD/203 included with the Fagen Testimony shows the proposed route of the Transmission Line.

The voltage of the transmission line will be 115 kV, which is the common voltage used for transmission lines in this area. The maximum capacity of the proposed line is limited to the rating of the proposed Oceanside Substation transformer, which is 33 MVA and equates to 165 amps at 115 kV. The capacity of conductor to be installed, which is 465 MCM AAAC, is greater and is rated at 630 amps. A next smaller conductor that Tillamook PUD has in stock is not

¹⁹ Exhibit TPUD/200, Fagen/2.

recommended by RUS or IEEE guidelines for use on 115kV lines. Normal loading of the transmission line will be 5 MW or 25 amps and will peak in the winter months at 11 MW or 55 amps.²⁰

(B) Available alternate routes.

The beginning and end of the transmission route are the Tillamook Substation and the proposed Oceanside Substation. Tillamook PUD has undergone an extensive selection process to identify the specific route for the line. The preferred route for the Transmission Line is based on input from multiple stakeholders and various other sources of information, including:

- Comments received through individual meetings with landowners and other stakeholders
- Feedback during public workshops and meetings
- Recommendations from a Citizen Advisory Group
- Results from a prioritization process that combined input from landowners, members of the public, and Tillamook PUD staff
- Meetings with state and local regulatory and permitting agencies
- Requirements of BPA and
- Several rounds of analysis by Tillamook PUD engineering staff

Tillamook PUD analyzed several alternate transmission line routes. Tillamook PUD initially sought approval to site the Transmission Line out of the Trask Substation, traversing west about 3 miles south of the City of Tillamook to the Whiskey Creek Highway 131 junction. This route was denied by BPA as they were no longer constructing a 115 kV switching yard near the Trask Substation. The second route considered originated out of the Tillamook Substation and continued along a route that headed west through the City of Tillamook, then across a short segment of farm land, then along Highway 131 and through the forested timberlands between the west side of the city and the Oceanside Substation. After a lengthy land use permitting process,

²⁰ Exhibit TPUD/200, Fagen/7.

the City of Tillamook ultimately declined to issue a conditional use permit for the line, citing concerns that the location might interfere with planned commercial development in that portion of town.²¹

Following the city’s land use process, Tillamook PUD committed to working with multiple stakeholders to identify an alternative route. The primary effort to work with stakeholders involved the formation of a Citizens Advisory Group (“CAG”), which consisted of property owners, elected officials, business owners, farmers, and citizens at large. During that process, Tillamook PUD identified several routes that were feasible. Working with the CAG, Tillamook PUD then analyzed each alternative route and developed criteria for a successful transmission line route. Those criteria included:

- Maximizing co-location of the route with existing linear corridors, such as highways, roads, railroad rights of way, and utility corridors
- Maximizing existing rights of way and pole locations
- Minimizing the number of landowners and properties affected, with a prioritization to avoid residential areas over commercial areas and commercial areas over farm/agricultural areas
- Minimizing space requirements
- Minimizing the need for access roads

While other alternative routes remain feasible, those alternatives were eventually ruled out because they did not meet the criteria above as well as the preferred route does.²²

A fuller explanation of the alternative routes and the process Tillamook PUD used to choose the preferred route is included as Exhibit TPUD 205 with the Fagen Testimony.

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²¹ Exhibit TPUD/200, Fagen/6.

²² Exhibit TPUD/200, Fagen/6 to Fagen/7.

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(C) Other transmission lines and substations of petitioner connecting or serving or capable of being adopted to connect or serve the areas covered by the proposed transmission line.

(D) The terminals, substations, sources of energy, and load centers related to the proposed project.

Exhibit TPUD/202 included with the Fagen Testimony shows Tillamook PUD's transmission system and the Transmission Line. The Transmission Line will provide a primary source of power from BPA's Tillamook Substation into Tillamook PUD's system surrounding the communities of Netarts and Oceanside, while providing a secondary source of power to other areas of Tillamook PUD's service territory.

Tillamook PUD considered other options for using other transmission lines and substations to provide these services. Specifically, Tillamook PUD considered the following four options: (1) do nothing; (2) improve the system by providing a redundant 24.9 kV feeder to Netarts and Oceanside, strengthening the tie points between the Wilson River and Trask Substations, and performing improvements to resolve voltage and loading issues; (3) constructing those same improvements but also upgrading one of the transformers in the Wilson River Substation transformers; and (4) constructing the Transmission Line.²³

The first two options were rejected because they do not allow for the addition of any capacity, which is one of the purposes of and need for the Transmission Line. Between the third and fourth options, Tillamook PUD concluded that the Transmission Line provides the lowest

²³ Exhibit TPUD/200, Fagen/5 to Fagen/6; Exhibit TPUD/204.

cost per unit of capacity while at the same time having the longest life expectancy, thereby achieving a greater overall public benefit.²⁴

(E) Land to be condemned.

As of the filing of this application, Tillamook PUD cannot describe with specificity the land that will be condemned. As noted above, Tillamook PUD is in the process of obtaining consent, in the form of easements, from all landowners along the Transmission Line route. Tillamook PUD remains optimistic that it can continue to negotiate with property owners to reduce the overall number of parcels to be condemned, with the goal of avoiding condemnation altogether.

In order to provide the Commission with information adequate to address this rule provision, Tillamook PUD is providing information relating to all land along the route of the Transmission Line. As Tillamook PUD continues to negotiate and to seek easements along the Transmission Line route, it will update the record to reflect any easements that are actually obtained.

Exhibit Tillamook PUD/206 included with the Fagen Testimony lists each parcel the Transmission Line will cross. That exhibit provides the detail that includes property owner information, an aerial photo, and a depiction of that easement on the subject property.

D. OAR 860-025-0030(1)(d): Cost information

This portion of the Commission's rules requires Tillamook PUD to provide estimated costs of certain components of the Transmission Line. The rule language describing those components is set forth in *italics* below, followed by Tillamook PUD's response.

²⁴ Exhibit TPUD/200, Fagen/6.

(A) Land and land rights to be condemned.

Tillamook PUD again emphasizes that while it is submitting this Petition for a CPCN, Tillamook PUD intends to continue to negotiate with landowners affected by the Transmission Line in an attempt to avoid any condemnation. Tillamook PUD hopes that it will be able to reach a mutually satisfactory agreement regarding all real property issues and will only resort to condemnation if absolutely necessary. Because it is unknown how many, if any, parcels Tillamook PUD would need to actually condemn, it is not possible to provide a precise estimate of those costs. However, consistent with the approach taken throughout this application, Tillamook PUD can estimate the cost it would incur if it were to condemn an easement interest on all of the properties for which it has not obtained landowner consent. As Tillamook PUD obtains consents, it will update the information in the record to reflect those new facts.

Using the list of parcels in Exhibit TPUD/206 included with the Fagen Testimony, Tillamook PUD has calculated the real market value of the easement areas that are required for all parcels. That value is a range \$350,000 to \$550,000, which would be the estimated cost of the land easements if land was to be condemned.²⁵

(B) Other land and land rights acquired or to be acquired.

As noted above, Tillamook PUD intends to acquire only easement rights to accommodate the Transmission Line. No other land or land rights will need to be acquired other than the land on which the Oceanside Substation will be constructed. Tillamook PUD is in the early stages of acquiring property for that purpose and cannot yet determine what the cost of that land will be.

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²⁵ Exhibit TPUD/200, Fagen/9.

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(C) Transmission facilities.

(D) Substation, accessory and miscellaneous labor, plant and equipment.

(E) Indirect and overhead costs including engineering, legal expense, taxes, interest during construction, and itemized administrative and general expenses.

(F) Any other costs, direct or indirect, relating to the project.

(G) Such explanation of the various cost estimates as needed to enable a full understanding of their basis and derivation.

The Fagen Testimony contains a breakdown of the various costs estimated for the design, engineering, and construction of the Transmission Line. Specifically, Exhibit TPUD/209 contains an itemized accounting of the cost of the Transmission Line. The estimate of the overall cost of the Transmission Line is \$13,208,700.

E. Financial feasibility information required under OAR 860-025-0030(1)(e)

This portion of the Commission's rules requires an explanation of the financial feasibility of the project:

(e) An explanation of the financial feasibility of the proposed project, including the kind, nature, extent and estimated growth of the energy requirements or reasonably anticipated need, load or demand, for the proposed transmission line.

Tillamook PUD has seen load growth in its service territory, especially Central Tillamook Valley including the Netarts and Oceanside areas. The existing electrical facilities serving that area are growing close to capacity under normal conditions less the largest system component (N-1). In the event service to the existing distribution 24.9 kV line out of the Wilson

River Substation is interrupted for any reason (e.g. storm, accident, general line maintenance, or equipment failure) service to the area's 1,800 meters (3,800 consumers) would be interrupted for an extended period due to the fact that the main line to the area is the existing single radial feeder.²⁶

The rate impact to existing members from the proposed transmission line is not expected to be significant.²⁷ As more members are added to the system, the fixed costs of the Transmission Line will be spread to a larger member base. Tillamook PUD expects to receive financing for the Transmission Line from RUS. As part of receiving RUS approval of financing for a facility such as the Transmission Line, Tillamook PUD must demonstrate that the Transmission Line is justified, and an environmental analysis must be performed where appropriate agencies are contracted and given an opportunity to comment. RUS has given Tillamook PUD initial approval of this project following review of Tillamook PUD's 2014-2017 Construction Work Plan. A copy of the approval and the Construction Work Plan are included as an exhibit to the Simmons Testimony.²⁸

F. OAR 860-025-0030(1)(f): Information related to potential condemnation of property

This portion of the Commission's rules requires Tillamook PUD to provide additional information relating to property that may be the subject of condemnation proceedings. As noted above, Tillamook PUD is seeking consent, in the form of easements, from a majority of landowners along the Transmission Line route. Tillamook PUD remains optimistic that it can

²⁶ Exhibit TPUD/200, Fagen/2 to Fagen/3.

²⁷ Exhibit TPUD/100, Simmons/3; Exhibit TPUD/104.

²⁸ Exhibit TPUD/100, Simmons/5; Exhibit TPUD/105.

continue to negotiate with property owners to reduce the overall number of parcels to be condemned, with the goal of avoiding condemnation altogether.

In order to provide the Commission with information adequate to address this rule provision, Tillamook PUD is providing information relating to all land for which Tillamook PUD does not currently have an easement or other consent from the property owner. As Tillamook PUD continues to negotiate and to obtain easements along the Transmission Line route, it will update the record to reflect that information. The applicable rule language is set forth in *italics* below, followed by Tillamook PUD's response.

(f) A description of the property and interest to be condemned, a full explanation of the intended use, and the specific necessity and convenience for the taking of said property:

(A) A map must be included whereon the land to be condemned is clearly marked, and the general contour, culture and improvements along that portion of the route are clearly shown.

(B) The names and addresses of all persons who have interests, known or of record, in the land to be affected or traversed by the proposed route from whom applicant has not acquired the necessary rights of way or option therefor.

The Fagen Testimony contains several exhibits relating to the properties for which Tillamook PUD has not yet obtained property owner consent. Tillamook PUD's preference is to acquire an easement interest in each property. A sample easement is included as Exhibit TPUD/210 to the Fagen testimony. The necessity and convenience for the taking of interests in these properties is to have a complete route for the Transmission Line, which is in the public interest. Tillamook PUD would not use these properties for any purpose outside the scope of its easement interest.

Part of Exhibit TPUD/206 contains a map showing the general location of each of the parcels for which Tillamook PUD will need to obtain landowner consent. That exhibit also

shows each of these parcels in more detail, using aerial photos and showing the location of the easement Tillamook PUD desires to obtain. Those photos show existing improvements and the general character of the property. The exhibits contain the required property owner information in a table at the end of that exhibit.

G. OAR 860-025-0030(1)(g): Information related to alternate routes

The express language of this rule requires Tillamook PUD to provide: “A statement and explanation with supporting data comparable to that described in sections (4) and (5) of this rule for possible alternative routes.” The Commission’s rule does not contain a section (5), and section (4) does not require the submittal of any specific data. Following a review of the Commission’s rulemaking history, it appears that this reference should be to sections (d) and (e) of subsection (1) of the rule. Those sections, in turn, require the submittal of data relating to costs and financial feasibility of the alternate routes considered.

With respect to costs, Tillamook PUD is providing cost estimates for alternate line routes that were considered. Exhibit TPUD/205 and Exhibit TPUD/209 contain cost estimates for alternative routes. TPUD has determined that these alternative routes are reasonable, but that based on feedback from the CAG and others, are not preferable. The costs of the alternatives ranged from \$400,000 less expensive to \$500,000 more expensive, depending on which alternative is considered.²⁹

H. OAR 860-025-0030(1)(h): Additional information

In addition to the information provided above, the Simmons Testimony provides more description of Tillamook PUD, its system, and the need for the Transmission Line. As noted

²⁹ Exhibit TPUD/100, Fagen/13 to Fagen/14.

above, Tillamook PUD has conducted its own investigation into the need for the line and has determined it is in its customers' best interest to construct the line. The Transmission Line is needed to provide safe and reliable service to Tillamook PUD's customers. Tillamook PUD's customers, in turn, reflect the public at large within Tillamook PUD's service territory.

The Transmission Line should be deemed by the Commission to be necessary and convenient.

I. OAR 860-025-0030(2) and (3): Land use information

The Commission's rules contain requirements relating to various state and local land use regulations. The applicable rule language is set forth in *italics* below, followed by Tillamook PUD's response.

(2) The Commission, as part of its approval of a Certificate of Public Convenience and Necessity, shall adopt findings which assure the proposed transmission project complies with the Statewide Planning Goals and is compatible with the acknowledged comprehensive plan(s) and land use regulations of each local government where the project is to be located. The Commission's findings shall be developed under the rules and procedures in the Commission's state agency coordination program pursuant to ORS 197.180.

The purpose of this rule provision is to ensure that the Commission's decisions are compatible with Statewide Planning Goals as required by ORS 197.180. The Commission's state agency coordination program ("SAC") implementing ORS 197.180 was adopted in May 1991. At that time, the Commission reviewed all of its programs to determine which ones, if any, affected land use. Of all the Commission's programs, only the Certificate of Need and Public Convenience was deemed to affect land use. Based on that conclusion, the Commission

adopted new rules (OAR 860-025-0030 et seq.) to ensure “that the granting of a Certificate of Public Convenience and Necessity will comply with Oregon land use laws.”³⁰

As noted in the SAC, all comprehensive plans in the state have been acknowledged to be in compliance with Statewide Planning Goals. Thus, when the Commission acts compatibly with an acknowledged comprehensive plan, it acts compatibly with the Statewide Planning Goals. The Commission’s new rules therefore included what is now set forth in OAR 860-025-0030(3), which allows the Commission to demonstrate compliance with local comprehensive plans in lieu of the Commission adopting compatibility filings directly, but which nevertheless allows the Commission to directly adopt compatibility findings if appropriate.

OAR 860-025-0030(2) is not itself an approval standard. Rather, it is an instruction to the Commission to adopt findings of land use compatibility; findings that can be based on information provided pursuant to OAR 860-025-0030(3).

(3) The Commission's land use findings assuring the proposed project's goal compliance and plan compatibility shall be based on the hearing record, which shall include at least one of the following:

(a) A copy of the local land use permit from each affected city or county planning agency, building department, or governing body stating that the proposed transmission project has received the jurisdiction's approval; or

(b) A copy of a letter from each affected local planning agency, building department, or governing body stating that the proposed transmission project is permitted under the jurisdiction's comprehensive plan, land use regulations, and development codes, but does not require specific approval by the jurisdiction; or

(c) Other written or oral land use information and documentation equivalent to OAR 860-025-0030(3)(a) or (b) above properly presented to the Commission from an authorized representative from each affected city or county; or

³⁰ Oregon Pub. Util. Comm., *State Agency Coordination Program*, page iii (May 1991).

(d) Commission goal compliance findings adopted pursuant to OAR 860-030-0065(3) in situations when the Commission is unable to assure goal compliance by acting compatibly with one or more of the affected comprehensive plans.

The structure of OAR 860-025-0030(3) is consistent with how most state agencies determine land use compatibility and allows the petitioner to show either: (1) it has already received land use permits from the relevant local planning jurisdictions; (2) the proposed project does not require land use permits; or (3) the proposed project has not, but can be approved by the local jurisdiction if it follows that jurisdiction's procedures and standards. OAR 860-025-0030(3) has a fourth option, which allows the Commission to make direct findings of compatibility with the Statewide Planning Goals, which it has done in at least one prior proceeding.³¹

Tillamook PUD's proposed Transmission Line runs through two different planning jurisdictions: (1) Tillamook County, and (2) the City of Tillamook. As explained in more detail below, the construction of a transmission line is allowed along the identified route in both of these jurisdictions. Concurrent with this application, Tillamook PUD has applied for a conditional use permit and other development permits with Tillamook County. No permits are required in the City of Tillamook based on the proposed route.

Tillamook PUD has worked with the local land use authorities to determine that the Transmission Line is a permissible use along the route in both jurisdictions. On August 30, 2017, Tillamook PUD filed an application with Tillamook County to obtain all land use approvals

³¹ *Pacific Power Petition for Public Convenience and Necessity*, UM 1495, Order No. 11-366 (Sept. 22, 2011).

needed for the Transmission Line. The following is a summary of how the Transmission Line is or can be approved in each jurisdiction.

1. Tillamook County

The various components of the Transmission Line will lie within six base zones and three overlay zones in Tillamook County. Specifically, project development will require County review and approval for the portions of the Transmission Line that cross the County's Farm Zone (F-1) and Estuary Conservation 1 Zone (EC1), and a conditional use permit is required for development in four of the remaining six base zones crossed by the Project, including the Forest (F), Rural Residential 2-Acre (RR-2), Rural Commercial (RC), and Estuary Natural (EN) zones.

The complete narrative Tillamook PUD provided to the County to demonstrate how the Transmission Line satisfies the approval standards in each of the above-listed zones is included with the Simmons Testimony as Exhibit TPUD/106.

2. City of Tillamook

Only a small portion, approximately 0.2 mile of the Transmission Line, is proposed to pass through the City of Tillamook. That area is located where the line crosses Highway 101. Two of the three poles within the City limits will be within public rights of way. The City has confirmed that the franchise agreement between Tillamook PUD and the City provides authority for the placement of the poles in those areas and that no other land use permits are needed.³² Tillamook PUD has had positive communications with the property owner where the third pole is to be located and is in the process of finalizing an understanding of the easement terms Tillamook PUD will obtain.

³² Exhibit TPUD/100, Simmons/6.

3. Statewide Planning Goals

In addition to the fact that Tillamook PUD will have to obtain land use permits from Tillamook County, the Commission can determine that the application is consistent with Statewide Planning Goals, as described below.³³ Only the listed Goals are applicable to the Transmission Line.

a. Goal 1: Citizen Involvement

Goal 1 requires that local governments provide citizens with opportunities to participate in several phases of land use planning, ranging from broad scale public involvement in the development of comprehensive plans and implementing ordinances to more site-specific review of plan and development proposals. Generally, Goal 1 is satisfied when a local government follows the public involvement procedures set out in its acknowledged comprehensive plan and land use regulations. This Goal is satisfied because there are multiple processes that will allow public participation. For example, this CPCN application will be noticed to property owners along the route. Further, Tillamook PUD's application for land use permits will occur through the County's normal process, which provides broader notice and will allow participation by anyone in the County.

Tillamook PUD itself does not have any land use authority. However, as explained above, Tillamook PUD provided a thorough public process for citizen input to help determine the best location for the line.

b. Goal 2: Land Use Planning and Exceptions

³³ The information addressing the Goals is included with the Simmons Testimony as Exhibit TPUD/106.

Goal 2 has two parts. Part I requires that actions related to land use be consistent with acknowledged comprehensive plans of cities and counties, and that all decisions be based on an adequate factual record. Part II addresses “exceptions” to the Goals, which are not applicable to this proceeding. Consistency of Tillamook PUD’s Transmission Line with goals and policies in the acknowledged Tillamook County Comprehensive Plan is a necessary requirement of the conditional use permit Tillamook PUD will have to obtain from the County. Both that process, and this process before the Commission will be based on a record with a factual basis. This Goal is therefore satisfied.

c. Goal 3: Agricultural Lands

Goal 3 requires that counties preserve and maintain agricultural lands for farm uses. Counties must inventory agricultural lands and protect them by adopting EFU zones consistent with ORS Chapter 215. Notwithstanding the priority use of EFU zones for agricultural uses, state statutes expressly allow utility facilities in farm zones, subject to certain standards. The purpose of obtaining County permitting is to ensure those standards are met. As part of meeting those standards, Tillamook PUD has located, to the greatest extent possible, along the edges of farm fields and property lines. Doing so leaves agricultural land in large blocks. Tillamook PUD also conducted a thorough study to determine whether the line would have any significant impacts on farm practices and determined that no such impacts would exist. This Goal is therefore satisfied.

d. Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources

Goal 5 requires local governments to adopt programs to protect significant natural resources and to conserve significant scenic, historic, and open space resources for present and future generations. The Transmission Line does pass through inventoried significant natural

resource areas. Tillamook PUD will obtain the appropriate permits for developing within those areas.

e. Goal 6: Air, Water, and Land Resources

Goal 6 addresses the quality of air, water, and land resources. In the context of an acknowledged comprehensive plan, a development complies with Goal 6 by obtaining permits for applicable federal and state environmental standards, including air and water quality standards. The Transmission Line is consistent with this Goal because its operation will result in little or no waste or material discharges. The construction of the line will be in accordance with all applicable statutes, regulations, and standards.

f. Goal 7: Hazard Areas

Portions of the Transmission Line and Oceanside Substation may be located through geologic hazard areas. Tillamook PUD conducted a geologic analysis of the transmission route and substation site. The project does not cross any active landslide areas. Neither does the transmission line cross any areas noted as inactive landslide areas, even though it does cross areas of landslide topography. According to the slope map provided in DOGAMI Bulletin 74, the area between approximately transmission mileposts 4.3 and 8.0 is located in an area having ground slopes generally between 10 and 24 percent. However, a review of the ground contours provided in DOGAMI Bulletin 74 shows that the only area where the ground slopes are greater than 19 percent is along a segment of approximately 600 feet directly west of Bayocean Road.

It is not unusual for transmission lines to be designed to cross steep topography. When properly sited, transmission lines have generally performed very well in areas susceptible to landslides since the transmission poles and towers can be located to avoid active slides and/or installed into competent foundation materials not subject to instability.

Tillamook PUD has engaged a third party to perform preliminary designs of the Transmission Line. The engineering firm – TriAxis – specializes in providing design services and studies for electrical power systems, specifically transmission lines. TriAxis and Tillamook PUD have selected a route that parallels existing access roads wherever possible where it crosses the industrial forest and steeper topography. Both have also worked to select transmission line support pole locations that avoid areas known or believed to be susceptible to landslides. In addition, the support pole types and support pole foundations will be selected to safely support the transmission line and maintain the overall integrity of the project.

The Transmission Line is therefore consistent with this Goal.

g. Goal 8: Recreational Needs

The purpose of Goal 8 is to satisfy the recreational needs of the citizens of the state and visitors and, where appropriate, to provide for the siting of necessary recreational facilities including destination resorts. The Transmission Line will not have any material impact on recreational opportunities in and around the area that will be developed. The Transmission Line is therefore in compliance with this Goal.

h. Goal 9: Economy of the State

The purpose of Goal 9 is to “provide an adequate land supply for economic development and employment growth in Oregon,” and focuses on ensuring that local governing bodies adopt comprehensive plans that allow for a variety of economic opportunities. The Transmission Line satisfies this Goal by increasing reliability of electric service in the area and supporting Tillamook PUD’s future load growth, which includes economic growth by commercial and industrial loads.

i. Goal 11: Public Facilities

Goal 11 requires local governments to plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development. The Transmission Line is a utility facility necessary for public service that provides a timely improvement to transmission capacity and reliability, and replaces aging infrastructure.

The proposed Project will transfer approximately 11 MW of load at peak times from the Wilson River Substation to the proposed Oceanside Substation, allowing for continued development and growth in the central Tillamook valley and Netarts-Oceanside areas and allowing the Wilson River Substation to support additional growth in Tillamook PUD's greater service area of the Tillamook Valley. The Transmission Line satisfies this Goal by ensuring a more efficient arrangement of electrical facilities.

j. Goal 13: Energy Conservation

Goal 13 requires cities and counties to manage and control land uses to maximize the conservation of all forms of energy, based on sound economic principles. Although the Transmission Line itself is used to transmit energy, the construction of the line, from a land use standpoint, conserves energy. It does so by utilizing a relatively straight path, thereby limiting the amount of line that has to be constructed. This smaller line avoids the need for more materials and energy to make those materials. The route also avoids significant parcelization of land, thereby retaining the efficient use of the properties it crosses. Additionally, since the proposed line route delivers energy from an electrical source to an electrical load center using a reasonably short route, the proposed line route results in lower energy losses than alternatives. This is based on the fact (among other factors) that energy consumed by line losses is proportional to the length of a line. All things equal, the shorter the line, the less the line losses.

Line losses are the square of the current, and by transmitting the power at a higher voltage (115 kV rather than 24.9 kV), the current is reduced for the same power transmitted, thereby reducing line loss by a factor of 21.

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k. Goal 16: Estuarine Resources

The purpose of Goal 16 is to recognize and protect the unique environmental, economic, and social values of each estuary and associated wetlands; and to protect, maintain, where appropriate develop, and where appropriate restore the long-term environmental, economic, and social values, diversity and benefits of Oregon's estuaries. The Transmission Line is consistent with this Goal because it will not alter, reduce or degrade estuarine resources and values.

l. Goal 17: Coastal Shorelands

The primary purpose of Goal 17 is to conserve, protect, where appropriate, develop and where appropriate restore the resources and benefits of all coastal shorelands, recognizing their value for protection and maintenance of water quality, fish and wildlife habitat, water-dependent uses, economic resources and recreation and aesthetics. The management of these shoreland areas shall be compatible with the characteristics of the adjacent coastal waters.

The Transmission Line is consistent with this Goal because it has largely been designed to span shoreland areas to avoid and minimize impacts within shoreland areas.

J. EFSC information required by OAR 860-025-0030(4)

This rule provides: “If a proposed transmission line is subject to the jurisdiction of the Energy Facility Siting Council (“EFSC”), the Commission shall adopt findings which assure the

project and route have been certified by EFSC, and the requirements of OAR 860-025-0030(2) and (3) shall not apply.”

The Transmission Line is not subject to EFSC jurisdiction. Pursuant to ORS 469.300, a transmission line is subject to EFSC jurisdiction if the line is 230 kilovolts or more, more than 10 miles in length, and to be constructed in more than one city or county in the state. The Transmission Line is only 115 kV, eight miles in length, and resides solely in Tillamook County. The line therefore falls outside EFSC’s jurisdiction and this rule provision does not apply.

IV. Conclusion

For the reasons stated in this Petition, Tillamook PUD respectfully requests that the Commission approve the Petition and grant a CPCN for Tillamook PUD’s proposed Transmission Line.

Dated: October 6, 2017

Respectfully submitted,



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