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March 16, 2010

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
5500 Capitol Street NE, Ste 215
Salem, OR 97301-2551


Attn: Filing Center

RE: Docket LC 50 – PacifiCorp’s Response to Move Idaho Power’s Motion for Contested Case Hearing

Please find enclosed the original and one (1) copy of PacifiCorp’s Response to move Idaho Power’s Motion for Contested Case Hearing in the above-referenced proceeding.

Please direct any informal inquiries on this matter to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Sincerely,


Andrea L. Kelly
Vice President, Regulation

cc: Service List LC 50

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 50

In the Matter of the
IDAHO POWER COMPANY
2009 Integrated Resource Plan

**PACIFIC POWER’S RESPONSE TO
MOVE IDAHO POWER’S MOTION
FOR CONTESTED CASE HEARING**

1 Pursuant to OAR 860-013-0050(3)(d) and the Administrative Law Judge’s March 9,
2 2010 ruling in this proceeding, PacifiCorp, d/b/a Pacific Power, (“Pacific Power” or
3 “Company”) respectfully provides this response to the Motion for Contested Case Hearing on
4 Acknowledgment of Boardman-Hemingway Transmission Line in IPC Least Cost Plan
5 (“MIP Motion”) filed by Move Idaho Power and Nancy Peyron (collectively, “MIP”) in the
6 above-captioned proceeding on March 2, 2010.

7 **I. Background and Introduction**

8 The MIP Motion requests that the Public Utility Commission of Oregon
9 (“Commission”) conduct as a contested case the portion of this proceeding addressing the
10 inclusion of a Boardman-Hemingway transmission line (“B2H”) in the least-cost plan
11 proposed by Idaho Power Company for acknowledgment. In short, MIP argues: (1) a central
12 component of the Energy Facility Siting Council (“EFSC”) energy facility siting process is
13 need determination; (2) EFSC is required to conduct facility siting proceeding cases as
14 contested proceedings but may look to a need determination made by the Commission
15 pursuant to an integrated resource plan (“IRP”) process; (3) because IRPs are not contested
16 proceedings, reliance by EFSC on a need determination made by the Commission in an IRP
17 is contrary to the EFSC’s mandate; and (4) therefore, conducting the B2H component of
18 Idaho Power Company’s IRP would resolve an inconsistency in EFSC’s process.

1 Pacific Power objects to MIP’s proposal to radically alter the existing IRP process
2 that has been developed and refined by the Commission over the last 21 years.¹
3 Transforming the IRP process into a contested case proceeding is far afield of the
4 Commission’s original intent and vision for the IRP process. Although the MIP motion
5 seeks a contested case on the acknowledgment of B2H, Pacific Power is concerned that a
6 contested proceeding on the transmission component of this IRP could eventually lead to a
7 contested proceeding on all utilities’ entire resource portfolios.

8 **II. Response**

9 **A. Contested IRP Proceeding Would Unnecessarily Add Complexity,**
10 **Expense and Time to Current Process.**

11 The Commission adopted “least-cost planning” as the preferred approach to utility
12 resource planning in Order No. 89-507, with the goal “to assure an adequate and reliable
13 supply of energy at the least-cost to the utility and its customers consistent with the long-run
14 public interest.” Order No. 89-507 also identified key substantive and procedural elements,
15 including a requirement for significant public involvement in the IRP process:

16 The public and other utilities should be allowed significant involvement in the
17 preparation of the plan. That participation must include opportunities to
18 contribute information and ideas as well as to receive information. It must
19 also include the opportunity to make relevant inquiries of the utility
20 formulating the plan. Any disputes which arise about whether information
21 requests are relevant or unreasonably burdensome or whether a utility is being
22 properly responsive may be submitted to the Commission for resolution.

23 Order No. 89-507 at p. 5.

24 Utilities’ IRP proceedings are generally conducted consistent with the process
25 described above. For example, in its latest IRP (LC 47), Pacific Power pursued an open and
26 collaborative approach involving the Commission, customers and other stakeholders in the

¹ Pacific Power also objects to MIP’s characterizations of the EFSC process. Because the Company believes that the EFSC process is beyond the scope of this proceeding, however, Pacific Power has not addressed MIP’s EFSC arguments.

1 planning process prior to making resource planning decisions. Because these decisions can
2 have significant economic and environmental consequences, conducting the resource plan
3 with transparency and full participation from the Commission Staff and other interested and
4 affected parties is essential.

5 Transforming the current collaborative and cooperative process into a contested
6 proceeding would undermine this collaborative process and lead to result contrary to the goal
7 of the IRP process—to assure an adequate and reliable supply of energy at the least-cost to
8 the utility and its customers. A contested IRP proceeding would unnecessarily add
9 complexity, expense and time to a process that currently functions well for the benefit of
10 customers. In sum, a contested IRP proceeding would add no benefit and could potentially
11 lead to a detrimental result for customers.

12 **B. A Contested IRP Proceeding Would Infuse Current IRP Process with**
13 **Unintended Rate-Making Implications.**

14 As noted in Order No. 89-507, “plans submitted by utilities will be reviewed by the
15 Commission for adherence to principals enunciated in this order and any supplemental
16 orders. If further work on a plan is needed, the Commission will return it to the utility with
17 comments. This process should eventually lead to acknowledgment of the plan.” *Id.* at p.
18 11. Order 89-507 further explains that “[a]cknowledgment of a plan means only that the plan
19 seems reasonable to the Commission at the time the acknowledgment is given. . . . favorable
20 ratemaking treatment is not guaranteed by acknowledgment of a plan.” *Id.*

21 A contested IRP proceeding resulting in an appealable order (rather than
22 Commission acknowledgment) has the potential to result in unintended rate-making
23 implications, contrary to the Commission’s intent for the least-cost planning process. As
24 explained by the Commission, “[r]atemaking decisions will not be made in the Least-Cost

1 Planning process. Decisions on whether to include in rates the costs associated with new
2 resources can only be made in a rate filing under ORS 757.205, et seq.”

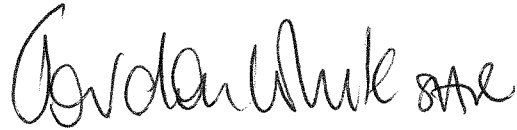
3 The Commission has been clear that, although consistency or inconsistency with an
4 acknowledged IRP may be evidence in support of or against favorable ratemaking treatment
5 of a resource decision, the IRP is not a contested case in which rate-making issues are
6 addressed. *Re Portland Gen. Elec. Co. Integrated Resource Plan*, LC 33, Order No. 04-375
7 at 12 (July 20, 2004). The existing IRP process provides the Commission, stakeholders and
8 utilities with ample opportunity to create a complete and robust IRP record that can then
9 utilized and considered within the appropriate rate-making context. By transforming the
10 existing IRP process into a contested case proceeding, the IRP process would be in jeopardy
11 of morphing from a planning process to a resource acquisition prudence determination.

12 **III. Conclusion**

13 A contested IRP proceeding would unnecessarily add complexity, expense and time
14 to a process that currently functions well for the benefit of customers. Moreover, a contested
15 IRP proceeding would likely result in unintended rate-making implications, contrary to the
16 Commission’s intent for the least-cost planning process.

17 WHEREFORE, for the reasons stated above, Pacific Power respectfully requests the
18 Commission to deny the MIP Motion.

DATED: March 16, 2010.

A handwritten signature in black ink, appearing to read "Jordan White" with a stylized flourish at the end.

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CERTIFICATE OF SERVICE

I certify that I have cause to be served the foregoing **Response** in OPUC Docket No. LC 50 by electronic mail and US mail to those parties who have not waived paper service on the attached service list.

DATED this 16th day of March, 2010.

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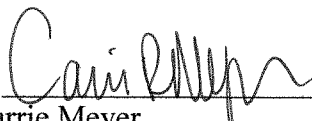
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