

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

PCN 2

In the Matter of the Petition of)
TILLAMOOK PEOPLE’S UTILITY) TILLAMOOK PEOPLE’S UTILITY
DISTRICT) DISTRICT’S CLOSING BRIEF
Petition for Certificate of Public)
Convenience and Necessity)
_____)

I. Introduction

Pursuant to the Prehearing Conference Memorandum issued by Public Utility Commission of Oregon (“Commission”) Administrative Law Judge (“ALJ”) Patrick Power dated February 5, 2019, Tillamook People’s Utility District (“TPUD” or “District”) submits this Closing Brief. Based on the arguments below and the evidentiary record developed during this proceeding, TPUD respectfully requests that the Commission grant its Petition for a Certificate of Public Convenience and Necessity (“CPCN”).

TPUD is requesting a CPCN so that it can construct an 8.6-mile, 115 kV transmission line from the existing Tillamook Substation¹ to a new Oceanside Substation (“Transmission Line”). The Transmission Line will replace an aging radial distribution line that currently serves the communities of Oceanside and Netarts and will enable TPUD to fulfill its obligation to provide safe and reliable service to its customers over an adequate planning horizon. The Transmission Line project is a long-term solution that

¹ The Tillamook Substation is owned by Bonneville Power Administration.

provides additional capacity, increases reliability for the communities of Netarts and Oceanside, increases system reliability and flexibility in other parts of the central Tillamook valley, and ensures that TPUD can adequately serve its existing and future customers.²

II. Argument

The evidence presented in this proceeding demonstrates that the Transmission Line satisfies the necessity, safety, practicability, and justification requirements under ORS 758.015(2). The evidence also shows that the Transmission Line satisfies the requirements in OAR 860-025-0030(2) relating to compatibility with land use regulations. On March 14, 2019, the Land Use Board of Appeals (“LUBA”) issued an order affirming the Tillamook County Board of Director’s decision approving TPUD’s land use applications.³ LUBA’s order leaves no room for doubt that the Transmission Line is consistent with Statewide Planning Goals and compatible with local land use regulations.⁴

Commission Staff (“Staff”) filed detailed testimony in this proceeding and recommends the Commission approve the CPCN because the evidence shows that the Transmission Line satisfies the standards for approval.⁵ Doris Mast, David Mast, Don Aufdermauer, Kurt Mizze, Eric and Loretta Peterson, Kristi Sherer, the Oregon Farm Bureau Federation, the Tillamook County Farm Bureau, the Oregon Dairy Farmers Association, and the Oregon Coast Alliance (collectively “Intervenors”) oppose the

² See TPUD/200, Fagen/2-3.

³ *Tilla-Bay Farms Inc. v. Tillamook County*, __ Or LUBA __ (LUBA No.2018-115) (Mar. 14, 2019).

⁴ See *id.* at 24-25.

⁵ See Staff’s Cross-Answering Brief at 8-9 (stating that approval of the CPCN “is supported by the necessity, safety, practicability and justification in the public interest of the project”).

Transmission Line based on a number of objections, which have all been rebutted by TPUD and Staff in testimony. Overall, there is sufficient credible evidence in the record that demonstrates the Transmission Line is in the public interest and satisfies the standards for approval under ORS 758.015(2) and OAR 860-025-0030(2).

A. TPUD Satisfies the “Necessity” Standard Under ORS 758.015(2).

The Commission has determined that the “necessity” standard for a transmission line requires a showing “that Oregonians will forego something desirable and useful without it.”⁶ The record supports a finding of necessity for the Transmission Line. The higher voltage Transmission Line will replace an aging radial low voltage distribution line serving the communities of Oceanside and Netarts while also providing additional capacity and a secondary source of power to other areas in portions of TPUD’s service territory.⁷ Oregonians will forego these benefits without the Transmission Line. While alternatives to the Transmission Line may also provide some amount of benefit to TPUD’s customers, none of those alternatives provide all the benefits associated with the Transmission Line.

Staff recommends the Commission find the Transmission Line is necessary because, based on Staff’s independent investigation and analysis, it is the only option available that will provide increased capacity, allow for the replacement of aging infrastructure, and improve system reliability.⁸

⁶ See *In re Pacific Power & Light*, OPUC Docket No. UM 1495, Order No. 11-366 at 4 (Sept. 22, 2011)(“Order 11-366”).

⁷ As described in TPUD’s testimony, the Transmission Line is needed to: (1) reduce high loading on existing facilities; (2) increase electrical system capacity in the central Tillamook valley to support ongoing load growth in the area; (3) improve service reliability; and (4) replace aging infrastructure in the City of Tillamook and the surrounding areas, including the communities of Netarts and Oceanside. TPUD/500, Fagen/2.

⁸ Staff’s Cross-Answering Brief at 1.

Intervenors disagree that the Transmission Line is necessary based on a variety of technical arguments that generally fall into three categories: (1) reliability concerns associated the Transmission Line;⁹ (2) TPUD’s alleged failure to pursue Option 3 – the addition of a second low voltage distribution line – and rebuilding Feeder 51 instead of constructing the Transmission Line;¹⁰ and (3) challenges to TPUD’s needs analysis, which includes specific disputes over current loads, peak demand, average demand, TPUD’s N-1 contingency analysis, and growth rates.¹¹ Some Intervenors have also accused TPUD staff of intentionally manipulating the data to show a need for the Transmission Line, which is wholly unsupported and does not merit a response.¹² Other Intervenors argue that the Transmission Line is actually needed for a wave energy project—a claim completely unsupported by the record and irrelevant to the needs TPUD has identified that warrant construction of the Transmission Line.¹³ TPUD has no current plans to pursue a wave project and Staff “found that no board members have any financial relationship or incentive to encourage wave energy, and further the substation had not been designed to allow for the addition of a wave energy farm.”¹⁴ All of the issues raised by Intervenors, whether credible or not, have been addressed and rebutted by TPUD and Staff in testimony. Further, none of the evidence Intervenors rely on supports a conclusion that the Transmission Line provides no benefit.

⁹ See e.g. Don Aufdermauer’s Reply Brief at 1.

¹⁰ See e.g. Doris Mast’s Reply Brief at 1.

¹¹ See e.g. *id.* at 3-5.

¹² See e.g. David Mast’s Reply Brief at 8.

¹³ See Tilla-Bay Farms, Inc.’s Reply Brief at 2.

¹⁴ Staff/300, Gibbens/10.

1. The Transmission Line is Needed to Improve Reliability.

The evidentiary record shows that the Transmission Line is needed to improve system reliability in the central Tillamook valley. There is no dispute that the existing fourteen-mile 24.9 kV radial distribution line has segments that are fifty years old with failing and rusting wires.¹⁵ Intervenors, however, have argued that the Transmission Line will negatively impact reliable service in communities other than Netarts and Oceanside. These concerns are misplaced and not supported by evidence in the record.

First, Doris Mast and Tilla-Bay Farms, Inc. erroneously claim that the village of Cape Meares will face reliability issues if TPUD builds the Transmission Line.¹⁶ The record does not support this allegation, and, more importantly, the Transmission Line will not negatively impact the Cape Meares community. The Cape Meares community is currently served from Feeder W61 which connects to the Wilson River Substation, and this configuration will not change because of the Transmission Line.¹⁷ The new feeder out of the proposed Oceanside substation can be used to back-up Cape Meares under abnormal system conditions using a section of what is now existing Feeder 51. Feeder W61 can also be switched to either the existing Feeder 51 or other feeders as alternative back-up sources, all of which originate out of the Wilson substation. Feeder W61 will continue to be the normal source of electricity to Cape Meares.

Second, Mrs. Mast argues that the Transmission Line should not be built because it will negatively impact service to residents of the central Tillamook valley.

Specifically, Mrs. Mast argues that TPUD is shifting service reliability issues from a

¹⁵ TPUD/106, Simmons/24.

¹⁶ See Tilla-Bay Farms, Inc.'s Reply Brief at 3; Doris Mast's Reply Brief at 1-2, 4.

¹⁷ TPUD/400, Fagen/19.

community with 1,650 people (where forty percent of the residents are on seasonal meters) to a community with 10,000 full time residents with several critical loads.¹⁸ The Commission should not find this argument persuasive or supported by evidence in the record.

TPUD strives to provide safe and reliable service for all of its customers, which is precisely why TPUD is pursuing the Transmission Line. TPUD is not shifting reliability problems from one community to another as suggested by Mrs. Mast. TPUD provided evidence demonstrating that during an N-1 situation, TPUD would encounter low voltage conditions that would affect service in the central Tillamook valley without the Transmission Line.¹⁹ In contrast, when the Transmission Line and Oceanside Substation are added to the N-1 analysis (assuming Wilson T2 is out of service), there are no system performance issues, and there are no overloaded conductors or low voltage problems.²⁰ Further, not all 10,000 residents in the central Tillamook valley will be serviced by the new Oceanside Substation during an outage of one of the Wilson transformers (“WT-1” or “WT-2”). In the event of an outage of either WT-1 or WT-2, the other Wilson transformer would still be in service and loads can also be transferred to the Trask and Garibaldi substations, as well as the new Oceanside substation.²¹ The evidence shows that the Transmission Line is the best option to enhance reliability and

¹⁸ Doris Mast’s Reply Brief at 3.

¹⁹ TPUD/400, Fagen 19.

²⁰ The reason for this is that for today’s load conditions under N-1 conditions, about 15MVA will be transferred from the Trask and Wilson substation to the Oceanside substation, including 11MVA from the Oceanside/Netarts customers and another 4MVA using the rebuilt W51 feeder tie to pick up customers in the area southwest of the City of Tillamook and on the western fringes of the City of Tillamook. This resolves the low voltage conditions and overloaded conductors without the use of voltage-booster stations and without having to rebuild existing tie feeders between the Trask and Wilson substations, and the entire load can be served. *Id.*

²¹ TPUD/200, Fagen/5.

benefits for both communities.²² Staff similarly concluded that the Transmission Line will limit the impact and extent of outages by replacing the radial distribution line to the Oceanside/Netarts area with a looped system.²³

Mrs. Mast also argues that the Transmission Line will negatively impact reliability in the City of Tillamook Line because, during an N-1 situation, Feeder 51, which has segments that are more than fifty years old, would be used to provide service to the City of Tillamook.²⁴ While Mrs. Mast is correct that Feeder 51 would be used to serve customers on the west side of Tillamook in the event either WT-1 or WT-2 fails, as mentioned above, the other Wilson transformer would still be in service and loads can be transferred to the Trask and Garibaldi substations.²⁵ Accordingly, the increased capacity from the Transmission Line will improve reliability in the area more than any other alternative.²⁶ And, once the Transmission Line is built, TPUD will be able to rebuild the aging sections of Feeder 51 (discussed below) with only minimal interruption to customers, which is not possible in the absence of the Transmission Line.²⁷

2. Replacing Feeder 51 is not a Suitable Substitute for the Transmission Line.

Intervenors argue that the Transmission Line is unnecessary because TPUD can simply rebuild Feeder 51 to increase reliability in Netarts and Oceanside. For example, Mr. Mizze claims that the need for the Transmission Line has been “artificially created” as a result of TPUD’s failure to improve Feeder 51.²⁸ The suggestion that rebuilding

²² TPUD/400, Fagen/20.

²³ Staff/200, Hanhan/10.

²⁴ Doris Mast’s Reply Brief at 3-4.

²⁵ TPUD/400, Fagen/15.

²⁶ TPUD/500, Fagen/5-6.

²⁷ TPUD/500, Fagen/2.

²⁸ Tilla-Bay Farms, Inc.’s Reply Brief at 2.

Feeder 51 is an adequate substitute for the Transmission Line is incorrect because it fails to address the system capacity issues facing TPUD. To state the obvious, rebuilding Feeder 51 only rebuilds an existing feeder and does not add transformer capacity, nor does it provide a second power source to the Netarts and Oceanside communities. Mr. Mast proposes to move Feeder 51 to the Trask substation and replace aging conductors to address capacity, even though TPUD provided evidence that upgrading the Trask substation, along with the system improvements needed to make Option 3 work, would be more expensive than building the Transmission Line and would not provide the same reliability gains.²⁹ Further, Mr. Mast's proposal would not solve the capacity and reliability issues in Netarts and Oceanside.³⁰ Staff agrees with TPUD that a 115 kV transmission line, at a higher voltage with a wider corridor than a distribution line, is better suited than a distribution line to cover the necessary distance to Netarts and Oceanside, especially because a significant portion of the load is at the end of the line.³¹ Further, Mr. Mast's alternative to the Transmission Line is undermined because all of the capacity of the central Tillamook substations have been taken into account in TPUD's N-1 analysis.³² Accordingly, simply moving load from one transformer to another does not address the capacity or reliability issues impacting TPUD and its customers in those areas.

It should also be noted that the reliance on Option 3 as a viable alternative to the Transmission Line is flawed. Intervenors urged Tillamook County ("County") to reject the land use applications for the Transmission Line in favor of Option 3. The County has

²⁹ TPUD/500, Fagen/9-10.

³⁰ David Mast's Reply Brief at 2; TPUD/400, Fagen 26-27.

³¹ Staff/500, Hanhan/4.

³² TPUD/500, Fagen/5.

concerns with Option 3, finding that it may not be feasible from a land use perspective, due to the proximity of documented sensitive areas next to the proposed line route.³³

Mr. Mast and Tilla-Bay Farms, Inc. also argue that reliability issues on Feeder 51 can simply be reduced with a wider right of way and better vegetation management.³⁴ Similarly, Mr. Mast claims, without any evidentiary support, that repairing Feeder 51 and clearing the right of way would reduce outages by a minimum of eighty percent.³⁵ While TPUD agrees that replacing the line and clearing the vegetation may have some impact on reliability and outage statistics, there is no evidence in the record that these practices will resolve the capacity and reliability issues that TPUD is trying to resolve in Netarts and Oceanside with the Transmission Line. Notwithstanding the arguments of Intervenors, the District will be rebuilding Feeder 51 independently of the Transmission Line to improve the reliability of that feeder, but this project will not achieve the same goals as the Transmission Line.³⁶

3. There is an Immediate Need for Capacity.

The evidence in the record shows that there is a need for capacity in the central Tillamook valley. This is true even with the additional 11.5 MVA of new capacity at WT-1 that was installed in 2018 after TPUD submitted its petition for the CPCN.³⁷ While the additional 11.5 MVA of capacity is beneficial to the TPUD electric system and

³³ TPUD/400, Fagen/21-22; TPUD/413, Fagen/15 (Finding #81).

³⁴ David Mast's Reply Brief at 3-4; Tilla-Bay Farms, Inc.'s Reply Brief at 2.

³⁵ David Mast's Reply Brief at 10.

³⁶ While rebuilding Feeder 51 will reduce equipment loading on the feeder by increasing the wire size and address the replacement of aging infrastructure, the work on the aging sections of Feeder 51 cannot be currently accomplished without several long, extended outages to 1,650 customers in the Netarts, Oceanside, and Whiskey Creek Road areas. Construction of the Transmission Line will provide a second power source and allow the aging section of Feeder 51 to be removed from service and rebuilt with only minimal interruption to customers. TPUD/200, Fagen/3.

³⁷ TPUD/400, Fagen/3-4.

its customers, the additional capacity from that upgrade will not last long and, more importantly, fails to address one of the main issues the Transmission Line is intended to resolve – the reliability issues facing customers in Netarts, Oceanside, and other coastal communities.³⁸

As requested by the Commission, TPUD revised its N-1 contingency analysis to capture the additional 11.5 MVA of capacity at WT-1. That updated analysis demonstrates that TPUD will be able to operate for only eight to seventeen years without significant reliability issues.³⁹

Mr. Mast argues that TPUD’s analysis is flawed because electric sales are down by one percent and that coincident peak and average loads of the WT-1 and WT-2 are flat.⁴⁰ Mr. Aufdermauer similarly argues that there is no load growth to support the need for the Transmission Line.⁴¹ TPUD disagrees with Intervenors that there is no load growth, that it would be proper to plan for no load growth, and that planning for peak loads should be based on revenues rather than peak loads. The N-1 contingency analysis was performed assuming no growth in peak demand since 2009, adjusted for system conditions in 2016, and a future load growth applied to years 2017 and beyond at 0.9259 percent per year. This N-1 contingency analysis shows that additional capacity will be needed in seventeen years.⁴² Staff agrees with TPUD and “does not find it realistic or reasonable to plan for zero growth.”⁴³ TPUD also evaluated its system for N-1 conditions using a load growth of 0.9259 percent per year over the nine-year period from

³⁸ TPUD/400, Fagen/4.

³⁹ TPUD/400, Fagen/4.

⁴⁰ David Mast’s Reply Brief at 6, 9.

⁴¹ Don Aufdermauer’s Reply Brief at 1.

⁴² TPUD/400, Fagen/4.

⁴³ Staff’s Cross-Answering Brief at 3.

October 2006 to March 2016, a growth rate Staff concludes is reasonable.⁴⁴ This analysis shows additional capacity is needed in eight years.⁴⁵ The evidence in the record shows that electric loads and peak demands are increasing in Tillamook County, and more specifically in the central Tillamook valley, Oceanside, and Netarts.⁴⁶ Staff also looked at BPA's peak forecast, which is derived from TPUD's system actuals, to confirm the reasonableness of TPUD's growth rates. For 2017, BPA's peak projection was 0.7 percent, and for 2018, BPA's peak projection was 2.6 percent.⁴⁷ These numbers from BPA, derived from TPUD's system actuals, demonstrate that TPUD's use of 0.9259 percent is reasonable. Based on the evidence, even using a more conservative approach, additional capacity will be needed in seventeen years, and using a methodology for the analysis both Staff and TPUD find reasonable, additional capacity will be needed in as little as eight years. Regardless of which end of that spectrum the Commission finds is more likely to occur, it is prudent for TPUD to plan projects that will address capacity needs in those timeframes.

Mr. Mast also claims that TPUD distorted its analysis by inappropriately including the load associated with the Tillamook County Creamery Association ("TCCA").⁴⁸ TPUD disagrees with Mr. Mast, and no credible argument has been made to exclude this load in planning for peak demand. TPUD is required to meet the peak demand of TCCA.⁴⁹ Staff concurs with TPUD that the load associated with the TCCA was appropriately used in its analysis, and based on the District's N-1 contingency

⁴⁴ Staff's Cross-Answering Brief at 3.

⁴⁵ TPUD/400, Fagen/4.

⁴⁶ TPUD/400, Fagen/6.

⁴⁷ Staff/400, Hanhan/9.

⁴⁸ David Mast's Reply Brief at 2, 4-5.

⁴⁹ Staff/400, Hanhan/12.

analysis, which Staff also supports, there is need for capacity in the very near future, which will be satisfied by the construction of the Transmission Line.⁵⁰

Mrs. Mast and Mr. Mast also each argue that the Transmission Line is unnecessary because there is no capacity issue facing TPUD. They argue that additional capacity is unnecessary because TPUD added 106 MW of capacity by adding three substations since 1973, while the annual MWs purchased from 1973 to 2016 has only increased twenty-three MW.⁵¹ The Masts also point to the 11.5 MVA of capacity that was added to WT-1 in 2018. There are, however, several flaws in their analysis.

First, two of the four substations in their analysis are outside of the central Tillamook valley and do not support loads in the central Tillamook valley. As explained in testimony, the District's electric infrastructure is not geographically interconnected such that capacity in the northern part of the county can be used in the central or southern parts of the county. Therefore, in order to provide back-up in an N-1 situation, additional capacity is needed separately in each of the three regions of the county.⁵² The substations and capacity referenced by Mrs. Mast fail to address the system capacity and other issues unique to the central Tillamook valley.

Second, while the addition of the 11.5 MVA in WT-1 does provide additional capacity, it is already accounted for in the District's updated N-1 contingency analysis. The N-1 contingency analysis demonstrates that the increased capacity resulting from addition of the 11.5 MVA in WT-1 does not meaningfully alter the need for the Transmission Line.⁵³ The remainder of the capacity that TPUD needs to add to this part

⁵⁰ Staff's Cross-Answering Brief at 2.

⁵¹ Doris Mast's Reply Brief at 4-5; David Mast's Reply Brief at 2.

⁵² TPUD/500, Fagen/7.

⁵³ TPUD/400, Fagen/13.

of its system (22 MVA) will need to come from the Oceanside transformer. The Oceanside transformer was sized to provide back-up capacity to the Wilson and Trask substations and to supply the current and future needs of the Oceanside and Netarts communities. Because 11.5 MVA of capacity was added at the Wilson Substation, the “back-up” capacity needed for the Oceanside transformer will be reduced by that amount.⁵⁴ However, there is still a significant need to provide both back-up capacity from Oceanside to the Wilson and Trask substations and to provide safe and reliable electric service for the Oceanside and Netarts communities.⁵⁵ The Transmission Line is the only solution that adequately meets the long-term needs for those areas and the rest of the central Tillamook valley.

Third, Intervenors conflate system peak loads and average loads in their analysis. As Staff notes, it is customary industry practice to plan for peak capacity,⁵⁶ which is consistent with TPUD’s planning process. If TPUD were to plan only for average loads as suggested by Intervenors, not only would this be imprudent and inconsistent with industry standards, but fifty percent of the customers would be without electricity fifty percent of the time.⁵⁷

Finally, Intervenors argue that Wilson River Substation and Feeder 51 are not operating at full capacity and, therefore, TPUD does not have a capacity issue. For example, Intervenors argue that Feeder 51 has a max loading of only 73.75 percent.⁵⁸ But Feeder 51 consists of a variety of conductor sizes and configurations. Sections of

⁵⁴ TPUD/500, Fagen/7.

⁵⁵ TPUD/400, Fagen/13-14.

⁵⁶ Staff/400, Hanhan/10.

⁵⁷ TPUD/500, Fagen/4.

⁵⁸ See Doris Mast’s Reply at 2.

Feeder 51 at peak loads are in the seventy-percent of capacity range, which is above the economic operating range for a feeder, while other parts of the feeder with smaller conductors are being loaded to over one-hundred percent of the conductor's capacity.⁵⁹ It is not industry practice to operate feeders at full capacity during peak load periods due to inefficiencies and the need to provide back-up for neighboring feeders and substations. If TPUD were to operate feeders at full capacity, it would not have any reserve capacity to use during adverse conditions.

TPUD respectfully requests the Commission make a finding of necessity for the Transmission Line.

B. TPUD Has Met the “Safety” Standard Under ORS 758.015(2).

TPUD has satisfied the safety standard for approval of a CPCN because the Transmission Line will be constructed, operated, and maintained in a manner that protects the public from danger.⁶⁰ While Staff agrees that TPUD has met the safety standard, Intervenor's raise several concerns including the risk of fire due to the location of the line, steep terrain, and high costal winds.⁶¹ Intervenor's also raise concerns regarding risks to people and livestock.⁶²

TPUD is sympathetic to these concerns and has substantial experience in operating and maintaining transmission lines in a safe, efficient manner. There is no evidence in the record that shows that Transmission Lines are more dangerous than distribution lines, and the Transmission Line has been designed by registered professional engineers to address the location of the line, steep terrain, and high costal winds. The

⁵⁹ TPUD/205, Fagen/51.

⁶⁰ See Order 11-366 at 4.

⁶¹ Doris Mast's Reply Brief at 5; David Mast's Reply Brief at 7.

⁶² Tilla-Bay Farms, Inc.'s Reply Brief at 3.

design will also meet appropriate industry standards as well as all state and local requirements regarding safety, clearances, strength, and design. Further, TPUD will construct, operate, and maintain the Transmission Line to meet or exceed all applicable National Electrical Safety Code standards and in conformance with State of Oregon requirements contained in PUC Division 24 Safety Standards and requirements of the United States Department of Agriculture—Rural Utilities Service.

It should also be noted that safety concerns relating to livestock were directly addressed by Tillamook County as part of the land use approval process. In direct response to these concerns, the County imposed several conditions of approval to which TPUD will have to adhere. These include specific requirements for grounding metal structures within the portions of the Transmission Line corridor passing through farming areas. These conditions of approval also address directly the concerns raised by Intervenor Mr. Peterson with respect to biosecurity. These conditions of approval, and the basis on which the County imposed them, are described in the County's land use approval findings.⁶³

TPUD commits to meeting or exceeding all applicable safety standards and rules, including those standards and rules contained in TPUD's own safety manual.⁶⁴ These standards and rules will ensure that the Transmission Line is constructed, operated, and maintained in a manner that protects the public from danger.

⁶³ TPUD/413, Fagen/39 (conditions C1-C5).

⁶⁴ See TPUD/211 for a copy of TPUD's safety manual.

C. TPUD Has Met the “Practicability” Standard Under ORS 758.015(2).

TPUD has satisfied the practicability standard because it demonstrated that the Transmission Line is “feasible and will be effectively and efficiently constructed.”⁶⁵ TPUD chose the starting and ending points of the Transmission Line because of the location of Bonneville Power Administration’s 115 kV Tillamook Substation and its proximity to the locations to be served. By using an existing substation as the beginning terminus, TPUD is able to construct a shorter line than if it chose other starting points, which provides many benefits, including cost savings and improvements in efficiency.⁶⁶ The preferred route also relies heavily on existing rights of way, thereby reducing potential conflicts and impacts on surrounding uses.⁶⁷ Intervenor Don Aufdermauer claims the route is not the shortest route and there is no cost savings.⁶⁸ There is, however, no requirement that the route chosen be the shortest route possible. TPUD analyzed many potential routes for the Transmission Line and chose the best option that limited the impacts to landowners and surrounding uses. Staff also looked at the route for the Transmission Line and was “not able to identify other viable options to those evaluated by TPUD.”⁶⁹ Staff concluded that the route is feasible because “TPUD examined the ease of: obtaining corridor approval, necessary permits, access and construction. By prioritizing these metrics in the selection process of the route, the result is a path that is feasible to construct.”⁷⁰ Further, Staff concluded that in cases where the

⁶⁵ See Order 11-366 at 4.

⁶⁶ Staff/100, Gibbens/31.

⁶⁷ TPUD/200, Fagen/2.

⁶⁸ Don Aufdermauer’s Reply Brief at 2.

⁶⁹ Staff’s Cross-Answering Brief at 6.

⁷⁰ Staff/100, Gibbens/8.

lowest cost route segment was not chosen, it used existing roads, avoided stream crossings, and worked with affected landowners.⁷¹

The Transmission Line is also financially feasible. Using the most efficient and least-cost route, TPUD estimates the cost of the line to be approximately \$14.6 million.⁷² TPUD has determined that each \$10 million obligation it takes on has an average impact on a residential customer's bill of \$1.95 per month for the first ten years, and \$1.59 per month over twenty-five years.⁷³ Based on the estimated cost of the Transmission Line, this amounts to a rate impact of \$2.85 per month in the first ten years and \$2.32 per month over twenty-five years. David Mast and Doris Mast reiterate concerns about the necessity of the project and artificially inflate the cost of the Transmission Line to \$16 million to show that it is not feasible.⁷⁴ Don Aufdermauer and David Mast raise a general concern about project costs being borne by ratepayers on top of other rate increases.⁷⁵ TPUD disputes the \$16 million cost figure because it includes other costs associated with system upgrades that would be incurred regardless of whether TPUD constructs the Transmission Line.⁷⁶ Staff concluded that the Transmission Line is financially feasible because "construction of the line will have a modest impact to customer's rates that is within a reasonable range."⁷⁷ The Commission has significant evidence in the record on which to base a determination that the Transmission Line is practicable and in the public interest. TPUD chose the best, least-cost location for the Transmission Line.

⁷¹ Staff/100, Gibbens/11

⁷² TPUD/417, Fagen/5.

⁷³ TPUD/100, Simmons/3.

⁷⁴ David Mast's Reply Brief at 9; Doris Mast's Reply Brief at 4-6.

⁷⁵ Don Aufdermauer's Reply Brief at 2; David Mast's Reply Brief at 9.

⁷⁶ TPUD/500, Fagen/13-14.

⁷⁷ Staff/100, Gibbens/7.

Finally, some intervenors argue that because other alternatives to the Transmission Line are more feasible, such as rebuilding Feeder 51, TPUD fails to meet the practicability standard. An analysis of other alternatives is part of the “necessity” analysis, rather than the “practicability” analysis. Accordingly, TPUD believes it is appropriate to compare the proposed route only to alternative transmission routes, and not to alternative distribution projects.

D. TPUD Has Met the “Justification” Standard Under ORS 758.015(2).

The Commission has previously determined that the “justification” standard in ORS 758.015(2) means that a petitioner must show “sufficient reason for the project to be built.”⁷⁸ To make this determination, the Commission relies on “benefits and costs that can be quantified in economic terms.”⁷⁹

The record shows that the proposed Transmission Line will provide many benefits to TPUD and its customers and will allow TPUD to continue to meet its obligation to provide safe and reliable service to its customers and future customers. The Transmission Line is needed to directly serve the communities of Oceanside and Netarts, including the area near Whiskey Creek Road.⁸⁰ The Transmission Line and Oceanside substation will not only be a new and reliable source of electricity to these communities, but it will also provide additional capacity, redundancy, and substantially reduce both the number of customers involved in an outage situation and the length of an outage.⁸¹

Intervenors collectively argue that the Transmission Line and associated costs are not justified because they claim the project is unnecessary. But the overwhelming

⁷⁸ Order 11-366 at 4.

⁷⁹ *Id.*

⁸⁰ TPUD/106, Simmons/30.

⁸¹ TPUD/106, Simmons/24.

evidence shows that the Transmission Line provides real benefits to those living and working in the central Tillamook valley and the Oceanside and Netarts areas.

While there is no question that the Transmission Line will bring significant benefits to the communities in the central Tillamook valley and the Oceanside and Netarts areas, the analysis requires the Commission to review both the benefits and the costs. As far as economic costs, TPUD has established that the rate impact from the Transmission Line is reasonable.⁸² As far as other impacts or costs, TPUD will mitigate the impact to affected landowners and the environment, some of which is required by its land use permits. In Staff's review of the benefits and costs, Staff concluded:

The benefits of the line include increased reliability, avoidance of safety hazards; it ensures that power is available to future customers, increases flexibility in the system, and reduces outages. These benefits exist for over 12,000 customers in the central Tillamook valley. Staff finds the benefits outweigh the costs, given that the majority of the impacts can be mitigated.⁸³

TPUD requests the Commission find the Transmission Line to be justified.

E. TPUD Has Demonstrated that the Transmission Line Is Compatible with Land Use Regulations.

As part of the Commission's review and approval of a CPCN, the Commission requires "a showing that the proposed transmission project complies with Oregon's Statewide Planning Goals and is compatible with the acknowledged comprehensive plans and land use regulations of each local government where the project is to be located."⁸⁴

The proposed Transmission Line runs through two different planning jurisdictions: (1) Tillamook County, and (2) the City of Tillamook ("City"). The

⁸² TPUD/100, Simmons/3.

⁸³ Staff/100, Gibbens/14.

⁸⁴ See Order 11-366 at 9.

construction of a transmission line is allowed along the identified route in both of these jurisdictions. TPUD applied for and received all required land use and other development permits from the County. The proposed route does not require any permits from the City.⁸⁵

The Intervenor argued that the Transmission Line is not consistent with the County's land use regulations because the line will cross farm land and will cross other zones and overlays that would be unnecessary if Option 3 were chosen.⁸⁶ Intervenor, however, ignore the County's findings that Option 3 likely is not compatible with the County's land use regulations. Intervenor made these same arguments to the County Planning Commission, the Tillamook County Board of Commissioners, and LUBA. On March 14, 2019, LUBA issued an order affirming the Tillamook County Board of Directors' decision approving TPUD's land use applications,⁸⁷ which in part rejected Option 3 as a viable option.⁸⁸ Accordingly, TPUD has received the necessary approvals from Tillamook County, and no permits are required from the City. Pursuant to OAR 860-025-0030(3)(a), the land use approvals in the record demonstrate that the Transmission Line is consistent with Statewide Planning Goals and complies with local land use comprehensive plans and regulations.

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⁸⁵ TPUD/100, Simmons/6.

⁸⁶ See e.g. Doris Mast's Cross-Answering Brief at 9; Eric and Loretta Peterson's Cross-Answering Brief at 2.

⁸⁷ *Tilla-Bay Farms Inc. v. Tillamook County*, __ Or LUBA __ (LUBA No.2018-115) (Mar. 14, 2019).

⁸⁸ TPUD/400, Fagen/21-22; TPUD/413, Fagen/15 (Finding #81).

V. Conclusion

Based on the evidence in the record in this proceeding, the Commission can find that TPUD has met the legal requirements under ORS 758.015 and OAR 860-025-0030(2) for granting a CPCN. TPUD respectfully requests that the Commission grant its Petition for a CPCN and authorize the construction of an 8.6-mile-long overhead transmission line from the Tillamook Substation to the proposed new Oceanside Substation.

Dated this 2nd day of April 2019.

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