

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

In the Matter of
Idaho Power Company
2017 Integrated Resource Plan

Docket LC 68

**Supplemental Comments from the
STOP B2H Coalition**

REDACTED

March 20, 2018

STOP appreciates the Commissioner's demonstrated commitment to an open and inclusive public review process. In particular, STOP appreciates the willingness of Commissioner's to encourage Idaho Power to address STOP's comments and concerns in a respectful and professional manner. STOP also wishes to acknowledge the open and professional facilitation of the IRP review process in this docket. In particular, STOP wants to acknowledge the flexibility of staff in responding to Commissioner requests to facilitate an additional staff level workshop to promote a convergence of understanding around the serious shortcomings in Idaho Power's IRP identified by STOP in our Final Comments.

As a testament to the diligence and care with which staff has supported public participation in this Docket, staff successfully arranged the staff level workshop encouraged by the Commission during the February 1 public workshop. The supplemental staff workshop was held on March 8 and while STOP and Idaho Power did not reach a common understanding around the most important and costly problems with the proposed B2H line, STOP believes the workshop was successful because it provided Commission staff with additional objective, factual information on which to independently resolve differences in perception of the facts between Idaho Power and STOP. In particular, the workshop provided an opportunity for STOP to provide additional facts providing support for STOP's conclusion that Idaho Power misused the AURORA model rendering IRP modeling results unreliable at best.

There is one important issue area, however, that was not able to be discussed openly among parties in the March 8 public workshop, due primarily to Idaho Power's action to partially disclose selected Protected Information. Because of the legitimate concerns of inadvertently discussing protected information in the public workshop, STOP was unable to engage in what would have been a forceful rebuttal of Idaho Power's incomplete information.¹

STOP is referring specifically to Idaho Power's assertion that there is no reasonable possibility of a loss of existing transmission revenues from B2H co-participants BPA and PacifiCorp if B2H is built. In STOP's Final Comments submitted on January 18, STOP highlighted the fact that Idaho Power was not forecasting any reduction in existing annual transmission purchases from B2H partners BPA and PacifiCorp when B2H enters service. STOP was relying on multiple instances of Idaho Power stating that all existing third-party transmission sales would continue after B2H was in service.² STOP does not understand why Idaho Power expects BPA and PacifiCorp would continue to take transmission service from Idaho Power after their ownership shares of B2H entered service. To put the magnitude and significance of this assumption of continued BPA and PacifiCorp transmission purchases in perspective,

¹ STOP believes that the OPUC rules related to Protective Orders may need to be amended. As currently practiced, Idaho Power believes that only other parties are subject to the rules against disclosing Protected Information, but that Idaho Power is free to selectively disclose Protected Information in their written comments and in public forums, without redaction, and without first unprotecting the materials. Stop believes this type of asymmetric application of the rules of confidentiality gives Idaho Power inappropriate means to stifle public input and deprive the Commission of important factual, objective insights into the analysis behind Idaho Power's request for IRP acknowledgement.

² In the 2017 IRP proceedings Idaho Power repeatedly states that all existing third-party transmission sales were assumed to continue after B2H entered service. Idaho Power repeated this assumption in Appendix D, B2H supplement by stating explicitly that "In the B2H analysis, Idaho Power chose to conservatively assume that third-party use (network customers and transmission wheeling customers) across Idaho Power's transmission system would remain static following the construction of B2H." (Appendix D, B2H supplement at page 40)

STOP notes that revenues from the 710 MW of existing Point-to-Point wheeling sales to BPA and PacifiCorp total \$25 million annually at current Idaho Power transmission rates (\$ 7 million from BPA and \$18 million from PacifiCorp).

In Idaho Power’s Final Comments, they appear to abandon their previous claims that existing transmission sales will remain static after B2H but do so by introducing misstatements related to Protected Information that could not be challenged in the recent workshop due to the inability of STOP to also discuss protected information in the workshop; a protocol ignored by Idaho Power. STOP would like to take this opportunity to set the record straight.

First, STOP will clarify the nature and magnitude of two significant issues surrounding third-party transmission sales; a prerequisite to understanding how Idaho Power has obscured the issues and potentially mislead the Commission. The first issue is the probable loss of \$25 million/year of existing transmission sales revenues from B2H partners BPA and PacifiCorp that will likely disappear if B2H is built. The second issue is the incremental revenues Idaho Power hopes to earn from the continuation of existing transmission sales due to Idaho Power’s projection that B2H will raise transmission revenues by \$6,000 per year per MW.³ The following table summarizes these numbers.

	Incremental Revenues from B2H Rate Increase	Existing Revenues at Today’s Rate	TOTAL REVENUES AFTER B2H REFLECTED IN APPENDIX D-B2H Supplement
BPA 200 MW	\$1.2 million	\$7.0 million	\$8.2 million
PacifiCorp 510 MW	\$3.1 million	\$17.8 million	\$20.9 million
TOTAL	\$4.3 million	\$24.8 million	\$29.1 million

To put this likely revenue loss in perspective (first issue), Idaho Power is assuming that future transmission revenues from BPA and PacifiCorp after B2H is in service will total \$29.1 million/year, or roughly equal to the entire projected annual cost of B2H in the early years. If these revenues go away due to B2H, the actual loss of these third-party transmission sales would be permanent, and effectively double the cost and rate impact of B2H on Idaho Power ratepayers. Ignoring even the possibility of this large loss of existing transmission revenues represents a major blind-spot in Idaho Power’s IRP portfolio analysis.

In their Final Comments, Idaho Power attempts to deflect attention from this blind-spot in their IRP analysis of B2H in three misdirecting ways.

First, Idaho Power includes a “Table 1” in their Final Comments (originally provided in response to a STOP data request No. 26), which Idaho Power claims analyzes “the impact of removing all (emphasis added) third party transmission wheeling revenue from the total portfolio cost analysis” and claims the analysis revealed no change in the preferred portfolio outcome. This Table 1 is falsely described by

^{3 3} Appendix D-B2H Supplement at page 41

Idaho Power in their Final Comments. As Idaho Power correctly points out, the table in question was prepared in response to a request by STOP to restate the Portfolio comparisons assuming no incremental transmission revenues due to B2H induced rate increases (i.e., the \$4.3 million in the table above). This is what Idaho Power's Table 1 actually includes; the loss of incremental transmission revenue. However, Idaho Power falsely tells the Commission that Table 1 reflects "removing all third-party transmission wheeling revenue from the total portfolio cost analysis". In fact, the table does not reflect the loss of any existing third-party transmission revenues (i.e., the \$24.8 million above), but only reflects the zeroing out of any incremental transmission revenues resulting from rate increases due to building B2H. The Commission should not be misled by Idaho Power's inclusion of, and incorrect description of said Table 1 in their Final Comments.

Second, despite repeated statements by Idaho Power throughout the course of this docket that they assumed existing third party transmission sales would remain static after B2H (i.e., not decrease or increase), they now appear to change their story by stating in their Final Comments that "Idaho Power notes that the loss of BPA's 200 MW LTF [long-term firm] contract, commensurate with B2H in-service, was already modeled in the IRP analysis". Without explicitly correcting their previous statements saying third-party transmission sales would remain static after B2H, Idaho Power now refers to protected information in a selective manner that is likely to mislead the Commission if not exposed and clarified by STOP. Specifically, Idaho Power would lead the Commission to believe Idaho Power correctly reflected the loss of existing transmission sales to BPA as a cost to Idaho Power ratepayers of moving forward with B2H. In fact, Idaho Power's IRP modeling assumed that BPA transmission [REDACTED]; even in those Portfolios that did not include B2H. If one assumes that [REDACTED], then by definition, the loss of BPA revenues is not attributed to B2H and was not modeled in the IRP analysis as Idaho Power suggests.

To be clear, Idaho Power provides no justification for assuming absolute certainty that sales to BPA will go away [REDACTED]⁴ It is clear that Idaho Power did not model the loss of BPA's 200 MW of LTF service commensurate with B2H in service as a cost of B2H [REDACTED]. See Protected Exhibit reproduced below in its entirety (yellow highlighting added).

⁴ Protected Exhibit: Attachment 4-LC 68-Staff's DR 56_B2H Rev Forecast 2017 IRP (0022174xBCD5C)-1.xlsx

A large grid of redacted content, appearing as a blacked-out table with a single yellow horizontal bar.

In summary, Idaho Power now admits that 200 MW (\$7 million/year) of existing transmission revenues from BPA will go away if B2H is built, and the Commission should consider this as a cost to Idaho ratepayers associated with B2H, [REDACTED]

Third, Idaho Power has assumed in the IRP that there is a 100 percent certainty that PacifiCorp (or replacement purchasers) will continue to purchase 510 MW of PTP service from Idaho Power after B2H

is in service, plus contribute an extra \$3 million per year to the cost of Idaho Power's share of B2H. Because of the magnitude (\$25 million) of these existing revenues, a loss of these transmission revenues would more than double the cost of B2H to Idaho Power ratepayers, compared to the ratepayer cost of B2H assumed by Idaho Power in their IRP.

Idaho Power apparently deems any possibility of losing some or all the existing transmission sales revenues from BPA and PacifiCorp due to B2H as so improbable, that such risk is not even worthy of considering in the IRP. Instead, Idaho Power dismisses STOP's concerns with the statement "Idaho Power's modeling assumed PacifiCorp will retain its 510 MW of LTF contracts; however, Idaho Power believes there would be other third-parties interested in this limited capacity if PacifiCorp let these contracts expire. STOP B2H's argument is therefore unavailing."⁵

IRP Guideline 1(b) states that "Risk and Uncertainty Must Be Considered" and places clear responsibilities on Idaho Power to "identify in their plans any additional sources of risk and uncertainty".⁶ A single risk like the loss of existing transmission sales revenues from PacifiCorp and BPA, that would result in an over 100 percent increase in costs of B2H to Idaho Power ratepayers clearly rises to the level of risk that the Commission should require Idaho Power to consider in their IRP.

The Commission should find that Idaho Power has not met the minimum standard for evaluating Portfolio risks as required by the IRP Guidelines. The Commission should further direct that Idaho Power revise their IRP analysis to reflect the loss of transmission sales revenues from BPA as a cost of B2H, or to otherwise justify why they assume that BPA will stop buying transmission from Idaho Power in all future scenarios studied in the IRP, even if B2H is never built.

⁵ Idaho Power's Final Comments at page 35.

⁶ OPUC Order No. 07-047