

May 15, 2023

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398

Re: PCN 5—PacifiCorp's Opening Brief

PacifiCorp, dba Pacific Power submits its Opening Brief in the above captioned proceeding.

Informal questions concerning this filing may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,



Matthew McVee
Vice President, Regulatory Policy and Operations

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PCN 5

In the Matter of

IDAHO POWER COMPANY’S

Petition for Certificate of Public Convenience
and Necessity.

**PACIFICORP’S
OPENING BRIEF**

Pursuant to Oregon Administrative Rules (OAR) 860-001-0650 and Administrative Law Judge Mellgren’s Memorandum dated April 21, 2023, PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) submits this Opening Brief to the Public Utility Commission of Oregon (Commission) in the above-referenced matter.

I. INTRODUCTION

Idaho Power Company’s (Idaho Power) application for a certificate of public convenience and necessity (CPCN) for the Boardman to Hemmingway transmission line (B2H transmission line or B2H) should be approved because Idaho Power has met the requirements in Oregon Revised Statute (ORS) 758.15 and CPCN review criteria established in OAR 860-025-0035. B2H is a project that involves three entities, Idaho Power, PacifiCorp, and Bonneville Power Authority (BPA). Once constructed, Idaho Power, who is project manager and responsible for the construction of B2H, will own 45.45 percent and PacifiCorp will own 54.55 percent.

As part of its review of a CPCN application, under OAR 860-025-0035(1)(d), the Commission may consider the benefits and costs to other Oregon utilities and its customers. Here the impacts to PacifiCorp and its customers are particularly relevant as it will be a majority owner of B2H once constructed. Not only is there a risk-adjusted net benefit for

PacifiCorp and its customers, the B2H transmission line provides other benefits to the Company and its customers.

PacifiCorp's 2021 Integrated Resource Plan (IRP) and 2021 IRP Update showed a risk adjusted net benefit of \$453 million and \$439 million respectively. In updating the analysis for new data, the risk adjusted net benefits are now \$1.713 billion for PacifiCorp and its customers. In addition to the net benefits analysis, there are a number of other benefits that the B2H transmission line provides PacifiCorp and its customers. These benefits include addressing forecast increased load serving capacity, allowing PacifiCorp to export additional energy generation capacity from its East balancing authority area to its West balancing authority area, integrating PacifiCorp's growing clean, renewable energy and storage resources between its two balancing authority areas, and improving grid reliability. Through the integration of clean renewable energy on its system, B2H will also aid PacifiCorp in meeting the greenhouse gas emission levels set forth in House Bill (HB) 2021.

Therefore, PacifiCorp recommends that the Commission approve Idaho Power's CPCN Application.

II. BACKGROUND

The B2H transmission line is an approximately 298-mile-long, 500 kilovolt (kV) electric transmission line that will extend from a switching station proposed to be constructed near Boardman, Oregon to the existing Hemingway Substation located in southwestern Idaho.¹ Approximately 274 miles of the transmission line is in Oregon. A 24-mile segment of the Project will be in Idaho.² Construction of B2H would also require removal of 12 miles of existing 69-kV transmission line, rebuilding 0.9 of a mile of an existing 230-kV

¹ Idaho Power/200, Barretto/2.

² Id.

transmission line, and rebuilding of 1.1 miles of an existing 138-kV transmission line into a new right-of-way.³

Idaho Power, PacifiCorp, and BPA, the three B2H permit funding participants, executed a Term Sheet, and have concluded negotiating final agreements memorializing ownership of the B2H transmission line.⁴ Idaho Power will fund and own 45.45 percent of B2H and PacifiCorp will fund and own 54.55 of B2H.⁵ These agreements include: (1) Second Amended and Restated B2H Transmission Project Joint Permit Funding Agreement, (2) Network Integration Transmission Service Agreement (NITSA) for Goshen Load, (3) NITSA for Idaho Falls Load, (4) Purchase, Sale, and Security Agreement, and (5) point-to-point transmission service agreements.⁶ The agreements will be executed once BPA’s public process is completed.⁷ Idaho Power is the overall project manager for the B2H transmission line, responsible for all B2H permitting, design, procurement, and construction.⁸

In 2018, Idaho Power submitted its complete application to the Oregon Energy Facility Siting Counsel (EFSC) for a site certificate to construct portions of the B2H transmission line in Oregon.⁹ A final EFSC order approving Idaho Power’s application was issued September 27, 2022, which was affirmed by the Oregon Supreme Court on March 9, 2023.¹⁰ On September 30, 2022, Idaho Power submitted its CPCN application to the Commission for the B2H transmission line.

³ Id.

⁴ Idaho Power/500, Ellsworth/2.

⁵ Id.

⁶ Id.

⁷ *Id.* at 3.

⁸ Idaho Power/500, Ellsworth/10-11.

⁹ Idaho Power CPCN Application at 8.

¹⁰ *Stop B2H Coalition v. Oregon Dept. of Energy, Oregon Facility Siting Counsel, and Idaho Power Co., McAllister v. Oregon Dept. of Energy, Oregon Energy Facility Siting Counsel, and Idaho Power Co., Gilbert v. Oregon Dept. of Energy, Oregon Energy Facility Siting Counsel, and Idaho Power Co.*, 370 Or. 792, 525 P.3d 864 (2023).

III. LEGAL STANDARD

ORS 758.015 provides that

When any person ... providing electric utility service ..., proposes to construct an overhead transmission line which will necessitate a condemnation of land or an interest therein, it shall petition the Public Utility Commission for a certificate of public convenience and necessity setting forth a detailed description and the purpose of the proposed transmission line, the estimated cost, the route to be followed, the availability of alternate routes, a description of other transmission lines connecting the same areas, and such other information in such form as the commission may reasonably require in determining the public convenience and necessity.

The Commission adopted rules to establish criteria to review CPCN applications, which include “whether the transmission line will meet a demonstrated need for transmission of additional capacity or improved system reliability that enables the petitioner to provide or continue to provide adequate and reliable electricity service” and whether the transmission line is in the public interest. In its public interest determination, the Commission should include considerations such as “the benefits and costs to other Oregon utilities, their customers, and all Oregonians, the value of connections to regional and inter-regional grids and to the petitioner’s non-Oregon service territories, and all Oregonians.”¹¹ Further, the Commission rules also provide that the Commission consider “related regulatory reviews and permitting approvals as pertinent to the proposed transmission line, if the transmission line has already been acknowledged or approved by regulatory or permitting authorities.”¹²

¹¹ OAR 860-025-0035(1)(a)-(e).

¹² OAR 860-025-035(2).

IV. DISCUSSION

The Commission should approve Idaho Power's CPCN application as it has met the requirements in ORS 758.15 and the criteria set forth in OAR 860-025-0035(1).¹³ Further, Idaho Power's EFSC application has been approved and confirmed by the Oregon Supreme Court. Approval of the CPCN is in the public interest as it provides benefits not only to Idaho Power and its Oregon customers but also to PacifiCorp and its Oregon customers. For PacifiCorp, the B2H transmission line is projected to result in risk-adjusted net benefits of \$1.713 billion. It also provides a number of other benefits including allowing facilitate the transfer of energy of diverse resources between PacifiCorp's balancing authority areas.

The B2H transmission line is necessary to meet PacifiCorp's need to reliably and cost effectively serve its customers. The Company's 2021 IRP and 2021 IRP Update examined the portfolio impacts and system impacts of not participating in B2H as compared to the preferred portfolio that included it.¹⁴ The results of its analysis in the 2021 IRP showed that the least-cost, least-risk outcome included the B2H transmission line and was projected to result in \$453 million in risk adjusted net benefits over the 20-year planning period.¹⁵ In the Company's 2021 IRP Update, the risked adjusted net benefits were \$439 million for the same period.¹⁶

PacifiCorp's analysis did not end with the 2021 IRP. To account for a number of key changes that occurred since the 2021 IRP, the Company refreshed its analysis. The key changes included in this updated analysis were incorporating the most recent load forecast,

¹³ See Staff/400, Pal/4-5. Also see, Idaho Power/1700, Ellsworth/2-13, which provides additional information regarding reliability in response to Staff witness Rashid.

¹⁴ PacifiCorp/200, Link 2-3, 5-8.

¹⁵ *Id.* at 3.

¹⁶ *Id.* at 3, 8-10.

which significantly increased, the impacts of the Environmental Protection Agency’s Ozone Transport Rule, the extended and expanded tax incentives under the federal Inflation Reduction Act, and evolving transmission service requirements.¹⁷ The updated analysis shows that the B2H risk-adjusted net benefits are projected to be \$1.713 billion for the period 2023 through 2042, assuming medium natural gas and carbon prices.¹⁸

Further, there are other benefits resulting from B2H for PacifiCorp and its customers. First, PacifiCorp is forecasting increased load-serving capacity and B2H will allow the Company to avoid a shortfall in 2026.¹⁹ Second, because of B2H, the Company will be able to export additional energy generation capacity from its East balancing authority area to its West balancing authority area while also receiving incremental firm transmission rights from BPA.²⁰ Third, through the B2H transmission line, the Company will be able to integrate its growing portfolio of clean, renewable energy and storage resources between its two balancing areas, which is important due to the emissions levels in HB 2021 that the Company must meet.²¹ Finally, PacifiCorp currently has one 500-kV transmission line that connects its two balancing authority areas, which if lost would reduce transfer capability by 1,050 megawatts. The addition of B2H will improve grid reliability and provide better operational control of the backbone transmission system through an additional connection of the two areas.²² Thus, B2H will add a much-needed connection between the Company’s East and West balancing authority areas to the benefit of the Company and its Oregon customers.

¹⁷ PacifiCorp/200, Link/3-4.

¹⁸ *Id.* at 4, 10-36.

¹⁹ PacifiCorp/100, Link/4; *see also*, Kreider/308, PacifiCorp 2021 IRP at Vol. 1. Ch. 4.

²⁰ *Id.*

²¹ *Id.*

²² *Id.* at 5.

The Stop B2H Coalition argues that PacifiCorp has not requested a “construction acknowledgement” for the B2H transmission line and until it does the Commission should not approve the CPCN application.²³ The Stop B2H Coalition mischaracterizes the purpose of the IRP. The IRP is “a road map for providing reliable and least-cost, least-risk electric service to a utility’s customers, consistent with state and federal energy policies, while addressing and planning for uncertainties.”²⁴ The primary outcome of the process is the “selection of a portfolio of resources with the best combination of expected costs and associated risks and uncertainties for the utility and its customers.”²⁵ As part of its portfolio analysis, a utility “should include the costs of the utility for the fuel transportation and electric transmission required for each resource being considered.”²⁶ After selecting a best least-cost, least-risk portfolio, the utility develops an “action plan” of resource activities to undertake over the next two to four years to implement the IRP.²⁷

PacifiCorp has complied with these IRP guidelines. In its IRPs, including its most recent 2023 IRP, PacifiCorp has selected a preferred portfolio that includes resources, including the costs of transmission required for such resources, that represent the least-cost, least-risk portfolio for its customers. For example, the 2023 IRP identifies that certain transmission lines, including B2H, are required to bring needed resources onto PacifiCorp’s system.²⁸ In its 2021 and 2023 IRP action plan, PacifiCorp identified the steps it needs to

²³ Stop B2H Coalition/200, Kreider/Page 5.

²⁴ *In the Matter of Investigation into Integrated Resource Planning*, Docket No. UM 1056, Order No. 07-002 at Appendix A, Guidelines 1-13 (Jan. 8, 2007) corrected by Order No. 07-047 (Feb. 9, 2007); *In the Matter of Investigation into the Treatment of CO2 Risk in the Integrated Resource Planning Process*, Docket No. UM 1302, Order No. 08-339 (June 30, 2008) (refining Guideline 8 addressing environmental costs).

²⁵ Order No. 07-002 at Appendix A, Guideline 1.

²⁶ *Id.* at Guideline 5.

²⁷ *Id.* at Guidelines 1 and 4.

²⁸ Kreider/309, PacifiCorp 2023 IRP, Vol. I, Ch. 9.

take in the next two to four years to bring B2H in service. However, for PacifiCorp, it is not the construction of the actual transmission line because Idaho Power is the project manager responsible for construction of the transmission line.²⁹ The action plan in PacifiCorp's IRP will reflect the actions it will take, not Idaho Power, regarding the B2H transmission line under the agreements executed by PacifiCorp, Idaho Power, and BPA.

The Stop B2H Coalition also argues that acknowledgement of IRP is part of a prudency review in a future proceeding.³⁰ It also relies upon a statement made by Commissioner Stephen M. Bloom during the Commission's deliberations on Idaho Power's 2017 IRP in docket 68.³¹ Again, the Stop B2H Coalition mischaracterizes the impact of acknowledgement on a future rate case proceeding and the comments made by Commissioner Bloom. The Commission has been clear – a decision to acknowledge or not acknowledge an action item does not constitute ratemaking and the question of whether a specific investment made by a utility in the planning process was prudent will be independently examined in a subsequent rate proceeding.³² Acknowledgement or non-acknowledgement of an IRP is relevant but not exclusive consideration of whether a utility's resource investment is prudent and should be recovered from customers.³³ An IRP acknowledgement means that the Commission finds that a utility's plan is reasonable at the time of acknowledgement.³⁴ Furthermore, Commissioner Bloom's comments at the deliberations for Idaho Power's 2017 IRP did not address prudency. Specifically, Commissioner Bloom stated:

²⁹ Transcript, Link Cross, 144:10-145:5 (April 19-20, 2023); *see also*, Idaho Power/500, Ellsworth/10-11.

³⁰ Transcript, Link Cross, 145:7-16 (April 19-20, 2023).

³¹ *Id.* at 149:24-150:15.

³² Transcript, Link Cross, 146:2-147:6 (April 19-20, 2023); *see i.e.*, *In the Matter of PacifiCorp, dba Pacific Power, 2021 Integrated Resource Plan*, Docket No. LC 77, Order 22-178 at 4 (May 23, 2022).

³³ Order 22-178 at 4 (May 23, 2022).

³⁴ Transcript, Link Cross, 146:2-147:6 (April 19-20, 2023); *see also* Order No. 07-002 at 16.

Idaho Power is a 24 percent participant and the two big parties BPA, which we can't control, and [PacifiCorp] doesn't even have it in its IRP and so if we acknowledge this IRP for Idaho Power, it is not an acknowledgement for PAC and their going to have to do all of their own work on this to convince us that it is still in the money.³⁵

Commissioner Bloom's comments referred to the fact that PacifiCorp's 2017 IRP action plan did not include the B2H transmission line. Thus, Commissioner Bloom was signaling to PacifiCorp that it had to include the B2H transmission line as part of the resource portfolio analysis in its own IRP to ensure there is a net cost benefit to PacifiCorp and its customers. PacifiCorp has included B2H in its IRP and the risk-adjusted net benefit is currently at \$1.713 billion.

Mr. Larkin and Ms. Gilbert have focused their arguments on PacifiCorp's 2019 IRP.³⁶ However, the 2019 IRP is four years old at this point and has been replaced twice by the 2021 IRP and 2023 IRP, which reflect the most up to date information.³⁷ The IRP is a living document that is updated every two years to reflect the newest data relating to a number of factors, including forecast load for the 20-year planning period. Therefore, considering conclusions reached in an older IRP is not relevant as it does not reflect the most up-to-date information of the Company's current 2023 IRP.

³⁵ Commission's Public Meeting, April 10, 2018 at the 4:16:17 hour mark.

³⁶ Transcript, Link Cross, 155-165 (April 19-20, 2023); Larkin/1207, Larkin Data Request 1.

³⁷ Transcript, Link Cross, 157:6-158:15, 163:6-9. (April 19-20, 2023).

V. CONCLUSION

Based on the foregoing and the record evidence, PacifiCorp respectfully requests that the Commission approve Idaho Power's CPCN application for B2H transmission line.

Respectfully submitted this 15th day of May, 2023, on behalf of PacifiCorp.



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CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of **PacifiCorp's Opening Brief** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

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Dated this 15th day of May 2023.



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