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Via Electronic Filing

Mr. Steven V. King
Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: In the Matter of Puget Sound Energy 2015 Integrated Resource Plan
Docket No. UE-141170

Dear Mr. King:

Pursuant to the Washington Utilities and Transportation Commission's (the "Commission") January 6, 2016 Amended Notice of Opportunity to File Written Comments, enclosed for filing in the above-referenced docket, please find the Comments of the Industrial Customers of Northwest Utilities ("ICNU") on Puget Sound Energy's ("PSE" or the "Company") 2015 Integrated Resource Plan ("IRP"). These comments were prepared by ICNU's consultant, Bradley G. Mullins.

ICNU agrees with the Company that it has met the regulatory requirements for development of the IRP, but urges the Commission to reiterate, as it has done in the past,^{1/} that a finding of compliance with these requirements does not alone constitute a finding that any planning decisions enumerated in the IRP are prudent or otherwise prejudices the Company's resource decisions for ratemaking purposes.

Indeed, Mr. Mullins' review of the IRP raises serious questions in particular about the prudence of PSE's modeling decisions related to its planning reserve margin. These decisions lead the Company to adopt the equivalent of a 20% planning reserve margin – a margin that is significantly higher than the 13.5% reserve margin it used in the 2013 IRP. This excessive reserve margin in turn leads the Company to forecast a capacity deficit of 275 MW in

^{1/} Docket Nos. UE-120767/UG-120768, Letter from Steven King to Ken Johnson re PSE's 2013 IRP ("Commission Letter") at 2 (Feb. 6, 2014).

2021 when, under the 2013 IRP's planning standard, it would still show a surplus in this year.^{2/} Mr. Mullins' comments demonstrate that this reserve margin is overstated because it is based on changes to the Company's modeling that are inadequately supported and flawed.

In addition to the changes it has made to its planning reserve margin, ICNU has concerns about the Company's proposal to issue an all-source request for proposals ("RFP") in 2016.^{3/} The rationale for such an RFP is unclear. The Commission's rules require a utility to issue an RFP within 135 days of its IRP if the IRP shows a capacity need within three years.^{4/} Even under PSE's own assumptions, however, it does not need additional capacity until at least 2021.^{5/} While the Company has discretion to issue RFPs more frequently than the Commission's rules require,^{6/} PSE has provided no indication in its IRP as to why "embarking on this costly and complicated process" is in the best interest of customers.^{7/} As Mr. Mullins' comments demonstrate, there is reason to believe that PSE's projection of a resource need in 2021 is overstated rather than understated. Without some compelling justification for doing so, it is not prudent for PSE to issue an RFP to meet a capacity need that is at least five years out.

Finally, ICNU would like to comment on the discovery process in this proceeding. Specifically, ICNU appreciates PSE's willingness to share data used for the development of its planning reserve margin. During PSE's 2013 IRP, ICNU had a disagreement with the Company over its willingness to share similar data.^{8/} Following release of the 2015 IRP, ICNU again requested data related to PSE's planning reserve margins in order to better understand the Company's assumptions. Following this request, representatives from the Company met with ICNU's representatives to discuss the Company's assumptions, and then shared the relevant data with ICNU after ICNU's representatives executed a separate confidentiality agreement. ICNU appreciates the Company's willingness to work with ICNU on these issues and to facilitate the exchange of information that was crucial to development of its planning reserve margins. ICNU feels the Company acted in good faith to ensure access to the relevant data and looks forward to continuing to work with PSE in future IRPs.

It is also the case, however, that, because there is no formal discovery process in IRP proceedings, it can be time-consuming and cumbersome to obtain the data necessary for parties to perform their own evaluations, particularly considering the relatively short amount of time parties have to provide comments. ICNU and PSE, for instance, had to negotiate the terms and conditions of a special confidentiality agreement governing the release of information relevant to the IRP. While ICNU does not at this time advocate that the IRP process be converted to a full adjudicatory proceeding, there may be procedures that can be installed to facilitate the exchange of information in an IRP proceeding. These could include the development of a standard confidentiality agreement, similar to protective orders in adjudicatory

^{2/} 2015 IRP, Chapter 6 at 6-11. It is also notable that the Company's modeling changes show an earlier capacity need than the 2013 IRP despite the fact that it is also forecasting lower load growth than it did in the 2013 IRP. 2015 IRP, Chapter 5 at 5-2.

^{3/} 2015 IRP, Chapter 1 at 1-10.

^{4/} WAC 480-107-015(3).

^{5/} 2015 IRP, Chapter 6 at 6-11.

^{6/} WAC 480-107-015(4).

^{7/} 2015 IRP, Chapter 1 at 1-11.

^{8/} See Docket Nos. UE-120767/UG-120768, Commission Letter, Attach. A at 3.

proceedings, and rules or guidelines governing the scope and timing of discovery requests in these dockets. While IRPs do not themselves dictate future resource decisions, they are an important component of these decisions and it is, consequently, in the public interest for parties to be able to thoroughly understand and evaluate the Company's assumptions that ultimately lead to future resource decisions. This, in turn, can inform the Commission's decision to acknowledge the IRP.

ICNU appreciates the ability to provide comments on PSE's 2015 IRP. Please feel free to contact me if you have any questions or concerns.

Sincerely,

/s/ Tyler C. Pepple

Tyler C. Pepple

Enclosure