



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop S.E. • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY (360) 586-8203

July 3, 2019

Etta Lockey
Vice President, Regulation
Pacific Power and Light Company
825 Northeast Multnomah, Suite 2000
Portland, Oregon 97232

**Re: Pacific Power & Light Company 2017 Integrated Resource Plan
Docket UE-160353, and
2019 Integrated Resource Plan, Docket UE-180259**

Dear Ms. Lockey:

In the Attachment to its 2016 Pacific Power & Light Company IRP Acknowledgment Letter, the Commission posed questions regarding the Colstrip and Jim Bridger coal plants to be addressed in Pacific Power & Light Company's (Pacific Power or Company) 2019 IRP. Pacific Power now faces a short time schedule to complete its 2019 IRP, after pausing its Washington focused work to finalize a study of its coal-fired generation fleet and to await resolution of the Washington state legislature's consideration of energy legislation. In light of the subsequent passage of the Engrossed Second Substitute Senate Bill (ESSSB) 5116 and other energy related legislation, and the limited timeline for completing the 2019 IRP, we provide direction below on which of our questions should be prioritized in the 2019 IRP supplemental filing on December 15, 2019.¹

The direction from the Commission to prioritize certain questions does not relieve the Company from addressing the questions in future IRPs, as directed by the Commission or as otherwise required under WAC 480-100-285. We also caution that the direction provided does not relieve the Company of its duty to seek all information that is reasonably available as it makes ongoing decisions about its operations and resources.

¹ Order 01, Order Granting Temporary Exemption from Rule Subject to Condition, UE-180259, ¶ 9

In the 2019 IRP supplemental filing, the Commission expects Pacific Power to answer the following questions pertaining to Colstrip²:

1. Regarding fuel source cost and risk:
 - a. What is the cost and physical supply risk of coal from the Rosebud mine due to the Westmoreland bankruptcy?
 - b. As the need for fuel for Colstrip declines, how does the increased cost per unit of coal effect the economic dispatch of Colstrip? This should be explicitly modeled in Pacific Power's IRP portfolio dispatch model.
 - c. How does fuel supply risk from Colstrip compare to that of natural gas?
 - d. How are the economics of Colstrip Units 3 & 4 affected if natural gas prices continue to remain relatively flat?
2. Has Pacific Power's quantified capacity replacement costs for Colstrip Units 3 & 4 that it could use as a basis of seeking replacement capacity as an alternative to any large capital investments it faces at Colstrip? This question should be answered in the context of E2SSB 5116.

In the 2019 IRP supplemental filing, the Commission expects Pacific Power to answer the following questions pertaining to the Jim Bridger coal plant:

1. What are the market alternatives to continued operation of the Jim Bridger mine?
2. Using the price of coal from the Jim Bridger mine, how does the economic dispatch of Jim Bridger compare to market prices for electricity in the Western Interconnection?
3. What is the cost and physical supply risk of coal from the Jim Bridger mine?
4. As the need for fuel for Jim Bridger mine declines, how does the increased cost per unit of coal effect the economic dispatch of Jim Bridger mine? This should be explicitly modeled in Pacific Power's IRP portfolio dispatch model.
5. How does fuel supply risk for the Jim Bridger Coal plant compare to that of natural gas?
6. How are the economics of the Jim Bridger Coal plant affected if natural gas prices continue to remain relatively flat?

If Pacific Power has questions or needs clarification regarding these issues, please contact Kyle Frankiewich at kyle.frankiewich@utc.wa.gov or Steve Johnson at steve.johnson@utc.wa.gov.

Sincerely,



MARK L. JOHNSON
Executive Director and Secretary

² The questions are sourced and then modified from page 5 of the Attachment to the 2017 Pacific Power IRP Acknowledgment Letter, issued May 7, 2018.