

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

In the Matter of)	Docket No. UE-120767
)	
PUGET SOUND ENERGY, INC.)	
)	
2013 Integrated Resource Plan Work Plan)	
pursuant to WAC 480-100-238)	
_____)	
In the Matter of)	Docket No. UG-120768
)	
PUGET SOUND ENERGY, INC.)	COMMENTS OF THE INDUSTRIAL
)	CUSTOMERS OF NORTHWEST
2013 Integrated Resource Plan Work Plan)	UTILITIES
Pursuant to WAC 480-90-238)	
_____)	

I. INTRODUCTION

1 Pursuant to the Washington Utilities and Transportation Commission’s (“WUTC” or the “Commission”) notice of opportunity to submit comments, the Industrial Customers of Northwest Utilities (“ICNU”) submits the following comments regarding Puget Sound Energy, Inc.’s (“PSE”) 2013 Integrated Resource Plan (“IRP”). PSE prepared its IRP in a manner that prevented ICNU from reviewing the underlying assumptions regarding PSE’s resource needs, and the Commission should provide little weight to the 2013 IRP when reviewing PSE’s actions in future proceedings. The IRP cannot provide meaningful information to the Commission and the public when PSE refuses to work with key interested parties and provide them with information necessary to review whether PSE is planning to meet its loads with the lowest cost and lowest risk resources.

II. BACKGROUND

2 PSE developed most of its 2013 IRP throughout 2012. PSE held a number of public meetings, some of which ICNU attended via the telephone and/or in person. Early in the summer of 2012, ICNU expressed a desire to review PSE's planning reserve margins in the IRP stakeholder process. ICNU planned to initially focus on PSE's reserve margins because they are higher than some Northwest utilities, and could potentially result in PSE acquiring more expensive resources than PSE needs to reliably meet future load. ICNU requested information from PSE regarding its planning reserve margins, and informed PSE that ICNU was willing to perform the analysis if PSE would provide the underlying information and models. PSE initially committed to provide this information to ICNU, but eventually elected not to provide the requested information regarding planning reserve margins. Eventually, ICNU stopped participating in the IRP stakeholder process, as it became clear that it would be impossible to effectively review PSE's assumptions if PSE is unwilling to share basic information with ICNU.

3 On May 31, 2013, PSE filed its 2013 IRP with the Commission, and on June 20, 2013, the Commission requested that comments on the IRP be filed by August 16, 2013. The schedule provides about two and half months to submit comments, and no opportunity to conduct formal discovery to review or analyze the underlying assumptions regarding PSE's loads and resources.

III. COMMENTS

4 PSE's 2013 IRP does not meet the Commission's standards for developing a plan to meet the utility's resource needs at the lowest reasonable cost based on public participation.

PSE's failure to appropriately allow ICNU to review its planning reserve margins may result in PSE acquiring more expensive resources than necessary to meet future load growth. In addition, PSE's refusal to provide basic information to ICNU means that the 2013 IRP does not include the required public participation that is essential to the development of an effective plan.

5 The purpose of an IRP is to develop a plan to acquire the “lowest reasonable cost” resources, which are “the lowest cost mix of resources determined through a detailed and consistent analysis of a wide range of commercially available sources.”^{1/} In order to determine PSE's electric resource needs, PSE first estimates the demand for electricity over a twenty year planning horizon.^{2/} Utilities like PSE plan resources to meet both their actual loads and their operating reserves in case of unexpected contingencies in daily operations. In addition, when planning future operations, utilities do not simply plan to build or acquire the exact amount of power needed to meet their customer loads and contingencies. Instead, utilities include a planning margin to ensure that the utility does not experience a loss of load event during peak periods, if and when actual loads and resources differ from their plans. A planning reserve margin essentially increases the utility's resource needs by a specific percentage amount, which results in a utility acquiring more resources than they are likely to need in order to avoid extreme loss of load events.

6 ICNU supports the use of planning reserve margins in utility IRPs, but has reviewed their assumptions to ensure that utilities do not overbuild expensive and unnecessary resources. For example, ICNU reviewed PacifiCorp's proposal to increase its 12% planning

^{1/} WAC § 480-100-238(2)(b).

^{2/} PSE 2013 IRP, at 5-3.

reserve margin to 13% in its Oregon 2011 IRP, and recommended that PacifiCorp conduct additional analysis before the planning reserve margin was increased.^{3/} ICNU was able to gain access to PacifiCorp's planning reserve margin models, underlying data and all other information to conduct a detailed analysis and make concrete and specific recommendations. The Oregon Public Utility Commission, the Oregon Commission Staff, and the Oregon Department of Energy shared some of ICNU's concerns with the planning reserve margins.^{4/} PacifiCorp agreed that some of ICNU's recommendations had merit, and eventually agreed to analyze its needs with both a 12% and 13% planning reserve margin.^{5/}

7 PSE has proposed high planning reserve margins, ranging from 13.5% in 2014-15 to 16% in 2023-24. ICNU attempted to review these planning reserve margins and requested information to ascertain what level of reserves would result in PSE acquiring the lowest cost mix of resources to reliably meet PSE's resource needs. Since PSE refused to provide this basic information that is routinely provided by other utilities, ICNU was unable to substantively review whether PSE's planning reserve margins are appropriate to meet PSE's needs at the lowest reasonable cost. ICNU's analysis could have improved PSE's resource planning process and provided additional relevant information to PSE, the Commission and all interested parties.

8 PSE's refusal to provide ICNU with information regarding its planning reserve margins and their costs has resulted in an IRP that lacks adequate public participation. The IRP

^{3/} Re PacifiCorp, Oregon Public Utility Commission Docket No. LC 52, ICNU Comments (Aug. 25, 2011)
^{4/} Re PacifiCorp, Oregon Public Utility Commission Docket No. LC 52, Order No. 12-082 at 6-7 (March 9, 2012).
^{5/} Re PacifiCorp, Oregon Public Utility Commission Docket No. LC 52, PacifiCorp Comments at 16 (Sept. 21, 2011); Re PacifiCorp, Oregon Public Utility Commission Docket No. LC 52, Order No. 12-082 at 6-7 (March 9, 2012).

planning process must include the opportunity for “public participation,” which is “essential to the development of an effective plan.”^{6/} ICNU represents many of PSE’s largest customers, who are interested in PSE’s power and transmission planning, including whether and at what cost PSE will reliably meet its future resource needs. ICNU also routinely participated in PSE regulatory proceedings, including cases that review the ratemaking impacts associated with PSE’s resource acquisition decision. PSE’s refusal to provide ICNU with basic information has precluded the ability for ICNU to meaningfully participate in the development of PSE’s 2013 IRP. A plan cannot be considered to have “public participation” if the utility selectively decided what information to provide its participants.

IV. CONCLUSION

9 The Commission should give little to no weight to PSE’s 2013 IRP when considering future issues related to planning reserve margins, as PSE elected not to provide adequate information to parties to fully review its assumptions and cost impacts. When considering any aspect of PSE’s 2013 IRP in the future, the Commission should recognize that the plan is not the result of a collaborative process, but is instead PSE’s presentation of, and support for, its already made planning decisions. As long as the Commission’s IRP rules do not allow parties to request and obtain information from the utilities, then the IRP will not include effective public participation, unless the utility unilaterally elects to provide parties with the necessary information to analyze its planning assumptions.

^{6/} WAC § 480-100-238(5).

Dated this 16th day of August, 2013.

Respectfully submitted,

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