

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT COMPANY,
a division of PacifiCorp

Petitioner,

DOCKET UE-180259

**Pacific Power’s Petition for Waiver of
WAC 480-100-238(4) and Amendment
of Order 01**

1 In accordance with WAC 480-07-110, WAC 480-100-008, WAC 480-07-875 and WAC 480-07-370(3), Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, petitions the Washington Utilities and Transportation Commission (Commission) for a waiver of the requirement set forth in WAC 480-100-238(4) to submit its integrated resource plan (IRP) within two years after the date on which the previous plan was filed and amendment of the timeline set forth in the Commission’s Order 01 issued in the above-captioned docket on February 15, 2019 (Petition).

2 Pacific Power is an electric company and public service company in the State of Washington within the meaning of RCW 80.04.010, and is subject to the Commission’s jurisdiction with respect to its prices and terms of electric service to retail customers in Washington. The company provides electric service to approximately 130,000 retail customers in Washington and approximately 1.9 million total retail customers in Washington, California, Idaho, Oregon, Utah, and Wyoming.

3 Pacific Power’s name and address:

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I. INTRODUCTION AND BACKGROUND

4 In accordance with WAC 480-100-238(4), Pacific Power is required to submit its IRP within two years of the date on which the previous IRP was submitted. The company's 2017 IRP was submitted to the Commission on April 4, 2017.¹ The Commission directed Pacific Power to file its next IRP on or before March 31, 2019.² On January 29, 2019, the company filed a petition for waiver of this requirement and requested an extension of the IRP filing deadline until August 1, 2019. The Commission granted the company's petition on February 15, 2019, in Order 01 (Order).

5 Pacific Power has continued to work diligently to meet the August 1, 2019 filing deadline. However, due to discovery of a modeling problem, Pacific Power will now require additional time to complete the portfolio-development phase of the 2019 IRP. While working to review and validate model results, PacifiCorp's IRP modeling team discovered that coal cost assumptions for its Jim Bridger units, which drive variable fuel costs, included forward-looking, fixed cost assumptions required to fund mine reclamation.

6 While costs to fund mine reclamation are included in fuel costs as an element of net power costs in rates, combining these mine-reclamation funding costs in the Jim Bridger coal cost can influence modeled dispatch of the Jim Bridger units. By including a fixed cost (mine-reclamation funding) in a variable cost model input (coal costs), the System Optimizer and Planning and Risk models can avoid the funding cost for mine reclamation by reducing dispatch of the Jim Bridger units even though these costs are

¹ The Commission granted a temporary exemption from WAC 480-100-238(4) on March 29, 2017. *In the Matter of Pacific Power & Light Company*, UE-160353, Order 1 (March 29, 2017).

² Mark Johnson May 7, 2018 letter to Etta Lockey (Commission finding that Pacific Power's 2017 IRP met the requirements of RCW 19.280.030 and WAC 480-100-238).

unavoidable in reality.

7 Historically, the dispatch cost of the Jim Bridger units has been low enough relative to market prices that the coal-cost adder intended to capture the costs to fund mine reclamation has not significantly altered generation levels and, consequently, has not lead to a potential understatement of costs to fund mine reclamation. However, base case assumptions adopted in the 2019 IRP for natural gas prices and power prices are relatively low, and the modeling team confirmed that the Jim Bridger units are reducing dispatch in a manner that understate the cost to fund mine reclamation. Considering that early retirement assumptions for Jim Bridger units vary among cases, mine closure assumptions and associated mine reclamation funding assumptions vary by case as well. Consequently, the impact of this issue will vary from one case to the next, which could affect the comparative analysis of the costs and risks of each portfolio that is used to select the preferred portfolio.

8 Therefore to ensure that the final IRP is accurate, the company is requesting an extension of time to file its 2019 IRP until October 18, 2019. This additional time will allow the company to remedy the modeling issue by changing how it applies coal costs and mine-reclamation costs in the System Optimizer and Planning and Risk models. Pacific Power will continue its robust and transparent stakeholder-input process with additional monthly public input meetings scheduled up to the extended filing date to ensure stakeholders are kept up-to-date regarding the company's analysis and overall progress. Pacific Power's updated IRP work plan is enclosed as Attachment A.

9 Pacific Power has communicated the need for an additional extension of time to file its 2019 IRP with stakeholders including Commission staff. The company will also

provide a status update to stakeholders on July 18, 2019, via conference call in lieu of the planned in-person public input meeting. The July 18, 2019 public input meeting will provide an opportunity for questions related to the cost assumptions for Jim Bridger, the company's plan to remedy this problem, and the implementation for the 2019 IRP schedule.

10 In addition to an extension of time to file its IRP, the company also respectfully requests an extension of time to file its IRP supplement until March 31, 2019. The Order directed Pacific Power to include analyses incorporating the requirements of any legislation enacted on or before August 31, 2019, in any state in the company's service territory and that materially alters the preferred portfolio in an IRP supplement, filed with the Commission no later than December 15, 2019.³ This enacted legislation includes the Washington Clean Energy Transformation Act (Senate Bill 5116).

11 Rulemakings and workshops to discuss the implementation of the Washington Clean Energy Transformation Act are commencing. Therefore, the company's request to extend the filing deadline for its IRP supplement from December 15, 2019, to March 31, 2019, will allow the company the benefit of initial rulemaking discussions when incorporating analysis of the associated impacts in its IRP supplement. This extension will also provide the company the necessary time to perform the analyses required to complete the IRP filed on October 18, 2019.

12 The company has discussed this request with Commission staff. Commission staff believes that granting this waiver is consistent with the public interest, the purposes underlying regulation, and applicable statutes, and therefore supports the company's

³ UE-180259, Order 01 Granting Temporary Exemption From Rule Subject to Condition, at 4.

petition. Commission staff also supports the company's request to extend the deadline for the IRP supplement from December 15, 2019, to March 31, 2020.

II. CONCLUSION

13 Due to the foregoing, the company requests an additional waiver of WAC 480-100-238(4) to be able to submit its 2019 IRP no later than October 18, 2019. The company also respectfully requests that Order 01 be amended to reflect this filing deadline and an extension of time to file the company's IRP supplement until March 31, 2019.

DATED: this 17th day of July, 2019.

Respectfully submitted,

/s/

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