

July 17, 2019

***VIA ELECTRONIC FILING***

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

Attn: Filing Center

**RE: LC 70—PacifiCorp's 2019 Integrated Resource Plan**

PacifiCorp d/b/a Pacific Power has continued actively and diligently working on its 2019 Integrated Resource Plan (IRP) through a robust and transparent public-input process with stakeholders that began in June 2018 with state-specific meetings followed by the first in a series of all-state public-input meetings in July 2018. A link to meeting materials, available studies conducted and stakeholder feedback can be found at: [www.pacificcorp.com/es/irp.html](http://www.pacificcorp.com/es/irp.html).

PacifiCorp has been planning to summarize final model results, a proposed draft preferred portfolio, and a proposed draft action plan at the July 18-19, 2019 public input meeting. However, during the final stages of preparing for this meeting, PacifiCorp identified a problem with the modeling of cost assumptions associated with the Jim Bridger generating assets that is influencing the relative cost among cases. While the company has confirmed the data issue is isolated to the modeling treatment of cost assumptions for Jim Bridger and has initiated the process of recasting model runs to correct the problem, this process will require additional time to complete Pacific Power's IRP.

The coal-cost assumptions for Jim Bridger units in the company's modeling, which drive variable fuel costs, included forward-looking fixed-cost assumptions required to fund mine reclamation. 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 unavoidable in reality.

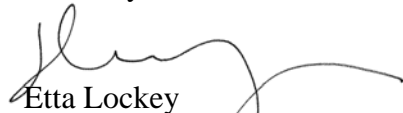
Historically, the dispatch cost of the Jim Bridger units has been low enough relative to market prices that the coal-cost adder intended to capture the costs to fund mine reclamation has not significantly altered generation levels and, consequently, has not lead to a potential understatement of costs 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 understates 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.

Therefore to ensure that the final IRP is accurate, the company is providing notice that it is extending its anticipated filing date for its 2019 IRP from August 1, 2019 to no later than October 18, 2019.<sup>1</sup> 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. It will also allow sufficient time for stakeholder review and input. PacifiCorp will continue its robust and transparent stakeholder-input process with additional monthly public-input meetings scheduled through the extended filing date to ensure stakeholders are kept up-to-date regarding the company's analysis and overall progress.<sup>2</sup> PacifiCorp has engaged in outreach to stakeholders regarding this new anticipated filing date for its 2019 IRP and will hold an abbreviated stakeholder input meeting on July 18, 2019 to answer questions regarding this new timeline and the company's plan to remedy its modeling issue.

Informal inquiries concerning this filing should be directed to Shay LaBray, Director of Resource Planning, at (503) 813-6176 or Cathie Allen, Manager, Regulatory Affairs, at (503) 813-5934.

Sincerely,

  
Etta Lockey  
Vice President, Regulation

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<sup>1</sup> In Oregon the requirement is to file an IRP within two years of its previous IRP acknowledgement order. The LC 67 acknowledgement order was issued April 27, 2018.

<sup>2</sup> PacifiCorp has scheduled additional stakeholder input meetings for September 5-6, 2019 and October 3-4, 2019.