



January 29, 2013

Mr. Bill Bradbury, Chair
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204

Dear Chairman Bradbury:

On behalf of the PNUCC Board of Directors and its members, I would like to thank you for the opportunity to share our thoughts regarding the Mid-Term Assessment of the Sixth Power Plan. We appreciated the opportunity to engage with the Council's Power Committee and Chair Jim Yost, as well as Charlie Black and other staff over the last several months as they developed the Assessment. The committee and staff have been open and eager in the discussions we have had and the interaction has been extremely valuable.

We want to build on our discussions with the following formal comments. These observations and suggestions are highlights and embellishments to the ongoing conversations we have already had. We don't think you will find any surprises here, and we aim to underscore points we feel are important to the region's utilities.

PNUCC views the Council's draft Mid-Term Assessment as an outstanding document. Your engagement with the region as it took shape contributed to that success.

Adding to the Assessment Picture

The draft Assessment does a good job of identifying significant changes in the power system since the Sixth Power Plan was adopted in 2010 and teeing up issues to be considered in the future. In particular, the Assessment recognizes how electric power needs are changing and that utilities are focusing more planning efforts on meeting peak and flexible capacity needs. These are headline issues for the utility industry and we are encouraged to see them acknowledged in the Assessment.

In addition, the section devoted to explaining how individual utility situations, both consumer-owned and investor-owned, vary is much needed context for the Council's

Power Plan. We believe there has been confusion in the past about how the Council's plans affect and address the needs of individual utilities. Since 2007, some state policies, including most notably Washington's Initiative-937, have adopted the Power Plan as a regulatory tool. It is essential for the Assessment's audience – policymakers, consumers, interest groups, and the media – to understand how unique circumstances influence a utility's actions. It is also essential for the Council to understand this dynamic and the potential impacts of its Plans in not only providing good information about the Northwest's power systems but also how it may translate into state regulatory compliance activities. We see this as a valuable addition to the discussion of regional power planning.

We understand the Council staff is working to make the final Mid-Term Assessment a shorter more succinct report. We agree that is a good goal. We have a few suggestions, however, on topics to be added to ensure you provide a complete picture of the state of the Northwest power system.

- Add a section on the **Columbia River Treaty**. It would be useful to briefly describe the Treaty issues, the review that has been under way for the last two years, and the options for the future.
- Include a discussion of how **consumers' electric power rates and bills** have changed in recent years and describe some of the causes and drivers of higher rates. There is good information in the presentation PNUCC staff shared with the Council at its January 2013 meeting.
- Enhance the discussion about the **role of natural gas for electricity generation**. Provide information about the Federal Energy Regulatory Commission's interest in this topic and the work the region has engaged in for the last two years.

The Assessment as a Communication Tool

The Council's Mid-Term Assessment presents a significant opportunity to communicate to policymakers, consumers, interest groups, and the media about the state of the electric power industry in the Northwest. The draft Assessment highlights successes, challenges, and the effort that is being put toward ensuring a reliable and affordable power supply for all. It provides the context for explaining key regional issues and policies. While the draft is full of information, we see ways it could be improved as a communication tool.

- Review the draft to ensure it meets the needs of your audience and is as readable and user friendly as possible. By this, we mean take out extraneous detail, where

the message gets lost in the data; limit redundancy and repetition; and move conclusions and key points to the front of the sections.

- Be consistent with numbers, i.e., the conversion of dollars (2006 years throughout) and periods of time (two years or one year) to allow readers to make apples-to-apples comparisons and process information quickly. For example, the narrative on page 24 refers to energy efficiency savings over many different periods of time, since 2005, since 2008, in 2010 and 2011. It is difficult to grasp quickly a central theme relevant to the Mid-Term Assessment.
- Consider regrouping some areas of content. For example, gather all of the background information from the past two years into Section II, Situation Scan and Narratives. Refer to it briefly rather than repeating it in the subsequent sections.

Topics for Future Consideration

One of the great values we see for the Mid-Term Assessment is in posing topics the Council and the region will need to address in the future. The Assessment includes a dozen candidate topics and PNUCC has the following suggestions to add to the list.

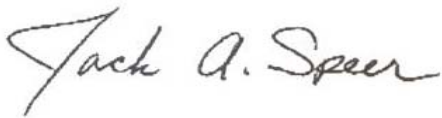
- Scope of the next plan, including what will provide the highest value for the region. What policies will drive the plan and what do the statutes require?
- Closer examination of hourly shapes and peaks of load forecasts. The region needs a better grasp on hourly use of electricity and how it might change in the future in order to focus on meeting peak needs.
- Investigate technologies and planning choices to ensure renewables are able to contribute to meeting the region's peak, dispatchable and flexible capacity needs along with the energy they provide.
- Implications of new, existing, and potential state and federal policies that impact the Northwest power system. Assess these policies and their effect on the system. For example, explore the role of renewable resources with and without production tax credits.
- Factors that drive utility acquisition decisions, including need, policy, risk (assessed from different angles), and cost.

- Examine different utilities perspectives on conservation investments and economics.
- Spell out the Council's pronouncements on conservation savings and whether they are a goal, target, recommendation, expectation, or a range of what is likely to occur.
- Clarify questions posed for future analysis. Determine whether tools available can answer your questions, and if not, determine what tools are needed.

We hope you find this feedback helpful. PNUCC's members have discussed most of these issues, as well as several others, with the Power Committee and Council staff in detail and we did not try to repeat everything in this letter.

We especially appreciate your engagement in the development and refinement of this Assessment and look forward to continuing the dialogue on these critical issues as the Northwest power industry evolves. And as we move forward we would appreciate follow-on discussions to understand how our ideas have been considered. If you have any questions, please contact Dick Adams, PNUCC Executive Director.

Sincerely,

A handwritten signature in cursive script that reads "Jack A. Speer".

Jack Speer, Chairman
PNUCC Board of Directors

cc: Council Members, Steve Crow, Charlie Black, Mark Walker
PNUCC Board of Directors