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Division of Public Utilities

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To: Utah Public Service Commission

From: Division of Public Utilities

Philip Powlick, Director
Artie Powell, Manager, Energy Section
Charles E. Peterson, Technical Consultant

Subject: Advice No. 10-07, Schedule No. 31 – Back-up, Maintenance, and Supplementary Power, Docket No. 10-035-T08.

Date: June 23, 2010

RECOMMENDATION (Approve with minor modification)

The Division recommends approval of the proposed changes to the Availability paragraph of Schedule 31 with the suggested minor changes in wording.

ISSUE

On June 7, 2010, the Rocky Mountain Power (Company) filed proposed changes to the Availability paragraph on page one of Schedule 31, which is the schedule for Back-up, Maintenance, and Supplementary Power (Application). First, the Company proposes to amend Schedule 31 to remove the 10,000 kW ceiling to the amount of Supplementary Power that may be acquired. Second, the Company proposes to clarify that Schedule 31 is for customers that have self-generation that is regularly used and require back-up and maintenance power from the Company. The Commission issued an Action Request on this matter to the Division on June 9, 2010 with a due date of June 29, 2010. This memorandum responds to the Commission's Action Request.

DISCUSSION

The current language in Schedule 31 specifies that the total amount of Back-up, Maintenance and Supplementary Power that the Company may sell to a Schedule 31 customer is 10,000 kW (or, 10 MW); that is the sum total of the Company's obligations to a Schedule 31 customer for Back-up, Maintenance, and Supplementary Power cannot exceed 10 MW.¹ The purpose of this 10 MW limitation, in part, is to protect the Company from being suddenly, and at random times, obligated to provide large amounts of power to a customer to the detriment of the Company, the electric system, and ultimately other customers. While this protection applies to Back-up and possibly Maintenance Power, it does not apply to Supplementary Power.

Supplementary Power is that energy requirement that is above and beyond the energy that can normally be supplied by the customer's own generation sources. In this regard, Supplementary Power is no different than the power requested by any "regular" Schedule customer such as customers under commercial and industrial Schedules 6, 8, and 9. There is no reason to limit the amount of energy that could be supplied as Supplementary Power, for the same reason that there is no regulatory limit to power that could be supplied to, say, a Schedule 6 customer. Removing the ceiling on the amount of Supplementary Power that could be supplied to Schedule 31 customers would allow some extra flexibility to the Company and also potentially increase the number of customers that could be serviced under Schedule 31 without resorting to negotiating special contracts. The Company notes on the second page of its Application that:

The change to Schedule 31 is being proposed at this time because Rocky Mountain Power has a customer that has recently installed onsite self generation. The capacity of the customer's generation facilities is less than 10 MW, but the customer's total power requirements exceed 10 MW. The Company proposes these revisions in order to meet the customer's needs and to allow any other similarly situated customer to receive service under this schedule.

The Division agrees that it makes sense to remove the ceiling for the amount of Supplementary Power that may be supplied to Schedule 31 customers.

The second change the Company is proposing clarifies that a Schedule 31 customer is one that obtains "any part of [its] usual or regular electric requirements from self-generation operating

¹ Original Sheet No. 31.1, Availability paragraph.

on a regular basis.” This compares with the current language of Schedule 31 that states “electric requirements from any source other than the Company.” This clarifies the language to protect the Company from a currently unlikely situation of having to provide Back-up energy to an entity that is receiving some or all of its power from another utility, merchant plant, or some other third party. Implicitly, the provision of Back-up, Maintenance or Supplementary Power should be the responsibility of the third party and not Rocky Mountain Power and its customers (who paid for the generation capacity and infrastructure that would provide the Back-up, etc.). The Division has no concerns regarding this clarification.

Initially the Division wondered whether or not there was any need to keep any reference to Supplementary Power in Schedule 31. However, for a Schedule 31 customer to receive Supplementary Power, the provision of Supplementary Power must be allowed under this Schedule. In this regard, part of the Division’s initial confusion related to the Company’s proposed language that seemed to imply that Schedule 31 customers only needed Back-up or Maintenance Power rendering the subsequent references in the Schedule seemingly superfluous or confusing. The Division recommends that the proposed language be re-written to something similar to the following:

This Schedule is available to Customers who obtain any part of their usual or regular electric requirements from self-generation operating on a regular basis and who require Supplementary and Back-up or Maintenance Power from the Company. The total of Back-up or Maintenance Power is not to exceed 10,000 kW.

The Division believes that this, or similar, language would make it clearer that the Schedule 31 customer may receive Supplementary Power, but that the power limitation is only with respect to the Back-up and Maintenance Power aspects. The Division has reviewed its recommended language change with Bill Griffith of the Company, who expressed no disagreement with this recommended adjustment to the proposed language.

CONCLUSION

The Division supports the Company’s proposed changes to Schedule 31 with the minor revision in language recommended above. The Division recommends that the Commission approve these changes.

cc: Dave Taylor, Rocky Mountain Power
Bill Griffith, PacifiCorp
Michele Beck, Office of Consumer Services