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DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: Public Service Commission

From: Office of Consumer Services
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Chris Parker, Director
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Date: December 5, 2013

Subject: Docket 11-035-200; PacifiCorp's 2013 Stress Factor Analysis

Background

In Paragraph 55 of the stipulation in Docket 11-035-200, Rocky Mountain Power (the Company) agreed to prepare and file a new Stress Factor Analysis (SFA) prior to its next general rate case (GRC). On November 1, 2013, the Company filed its 2013 SFA with the Public Service Commission (Commission). The Commission subsequently published a Notice of Filing and Comment Period on November 5, 2013, which invited interested parties to provide comments on the SFA. Accordingly, the Office submits the following comments on the Company's 2013 SFA and results.

Discussion

The primary purpose of a SFA is to determine the key factors driving a given utility's need to acquire plant capacity. While the SFA conducted by the Company addresses measures such as monthly peak demands, monthly reserve margins and cost of peak resources, it fails to address the principal factor driving the need to add plant capacity, which is to maintain or increase reliability. The level of a utility's reliability in a given month is typically determined by a robust Loss of Load Probability (LOLP) study or some equivalent measure such as Loss of Load Expectation (LOLE) or Loss of Energy Expectation (LOEE). These are standard industry measures used by utilities to identify time periods (e.g., high load hours, planned outages for plant maintenance, etc.) when energy needs are not being met by existing resources and capacity must be added to ensure reliability.

Regarding the 2013 SFA results submitted by the Company on November 1, 2013, the Office, like the Division (see page 2 of the Division's SFA memo), is still in the process of evaluating the usefulness of this information and we may have further comments in the 2014 GRC or some other appropriate proceeding. However, we believe that a robust LOLP study should be undertaken to address the reliability aspect that is currently missing from the 2013 SFA filed by the Company last month. In preparing the 2013 Integrated Resource Plan (IRP), the Company contracted with a consultant to perform a limited LOLP study based on six weeks of hourly data with a single week of information extrapolated to two months (e.g., March-April). Thus, only six weeks of hourly data was relied on instead of 52 weeks for the study.

The Office proposes a new LOLP study be conducted by the Company that avoids this data "short-cut" and instead relies on a complete set of hourly data for the annual study period. The new LOLP study should be made available to the Commission and interested parties as soon as reasonably possible.

Recommendations

The Office recommends the Commission direct the Company to perform a robust LOLP study that uses a complete set of hourly data for the entire study period. We also recommend the Company schedule a meeting to discuss the timing, scope, data requirements, and any other relevant matters before a new LOLP study is undertaken.