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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF ROCKY MOUNTAIN)
POWER’S 2015 INTEGRATED RESOURCE) DOCKET NO. 15-035-04
PLAN)
REPLY COMMENTS)
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**REPLY COMMENTS TO DIVISION OF PUBLIC UTILITIES, WESTERN RESOURCE
ADVOCATES AND UTAH CLEAN ENERGY COMMENTS ON ROCKY MOUNTAIN
POWER’S REQUEST FOR WAIVER OF REQUIREMENT TO INCLUDE BUSINESS PLAN AS
SENSITIVITY CASE IN SUBSEQUENT INTEGRATION RESOURCE PLANS**

Pursuant to the Notice of Amended Comment Period issued by the Public Service Commission of Utah (“Commission”) on April 20, 2016, Rocky Mountain Power, a division of PacifiCorp (“PacifiCorp” or the “Company”) respectfully submits these reply comments in response to comments filed on June 29, 2016 by the Division of Public Utilities (the “Division”), Utah Clean Energy (“UCE”) and Western Resource Advocates (“WRA”, collectively with the Division and UCE, the “Parties”).

BACKGROUND

On January 8, 2016, the Commission issued its order in the 2015 Integrated Resource Plan (“2015 IRP”) docket acknowledging the 2015 IRP and providing guidance to PacifiCorp to assist in the development of future IRPs. The Commission noted that PacifiCorp did not present the “Business Plan as

a sensitivity case in the 2015 IRP contrary to our direction in the January Order at 30.”¹ It further stated “[w]e remind PacifiCorp the requirement remains for future IRPs. If PacifiCorp has substantive objection to this requirement, PacifiCorp should file a motion for Commission action within 90 days of this order explaining the objection and requesting relief.”²

On April 7, 2016, PacifiCorp filed its Request for Waiver (“Waiver Request”) in which it provided the bases for seeking a waiver of the requirement to include the Company’s Business Plan as a sensitivity case in subsequent IRPs. Specifically, the Company indicated that 1) its Business Plan contains confidential, business-sensitive, and strategic information that, if disclosed in the public IRP process, would ultimately harm the Company and its customers, 2) the IRP is structured to study the comparison of different resource acquisition paths and does not consider capital and operating budget constraints or certain forward-looking assumptions regarding emerging regulations, policies and forecast resource costs which does not provide a meaningful comparison and further increases risk of harm to the Company and its customers, and 3) a mismatch in the planning horizons exists between the IRP which covers 20 years and the Business plan which covers the first 10 years creating a hypothetical which is not a useful comparison particularly in the last 10 year period of the study.

Intervenor Comments

Division Comments

In response to the Waiver Request, the Division indicated the Company did not provide a substantive objection to the business plan sensitivity requirement and noted that the lack of business plan information undermines the usefulness of the IRP results. The Division further stated that, without it, the Commission can have little confidence it’s not just “an academic exercise detached from the Company’s real plans.”³ The Division then recommended the Commission reject the Waiver Request. However, it

¹ *In the Matter of Rocky Mountain Power’s 2015 Integrated Resource Plan*, Docket No. 15-035-04, Order at 31.

² *Id.*

³ *Division Comments on PacifiCorp’s 2015 IRP Update*, Docket No. 15-035-04, p. 17.

left open its support for possible adoption of an alternative requirement for PacifiCorp to only provide the sensitivity case to state agencies, i.e., the Commission, the Division and the Office of Consumer Services, with other entities petitioning the Commission for access to the information by showing their interests in accessing the information outweighed the public interest of keeping the commercially sensitive information confidential. In its comments, the Division also included a Commission reference that emphasizes a focus on the action plan and business plan for consistency. Specifically, the Division noted the following Commission reference, “[i]n our order on Guidelines, and per R746-430-1, we directed the Company to identify in its IRP action plan, how its actions for implementing the IRP are consistent with its strategic business plan. We do not dictate how this is to be done. Planning processes should be flexible enough to incorporate improvements over time.” PacifiCorp understands the importance of this consistency demonstration to Parties and meeting Utah’s IRP guidelines.

Utah Clean Energy Comments

In its comments, UCE cites IRP precedence and Commission guidelines on the business plan / IRP linkage requirement. It states it is not clear from the Company’s filing how the Company will demonstrate the linkage in the future if it no longer performs a sensitivity analysis, which UCE notes is the most appropriate. It further notes that simply sharing assumptions among the IRP and business plan is not a sufficient linkage. UCE subsequently recommends the Commission deny the Waiver Request but allow the Company, or other parties, to propose strategies with the linkage requirement so long as consistency with the following principles remains: 1) ensure the benefits of IRP are brought to ratepayers through the Company’s business decisions; and 2) continued sufficient detailed analysis is included in the IRP to allow the regulatory community to evaluate the ratepayer (cost, risk and uncertainty) impacts of the Company’s business plan and decisions. Finally, UCE indicates that PacifiCorp should continue to bear the risk of resource decisions based on asserted but unexamined costs, risks and uncertainties.

Western Resource Advocates Comments

WRA recommends the Commission deny the Waiver Request and continue to require the sensitivity analysis, and cites IRP precedence and Commission guidelines on the business plan / IRP linkage requirement. Specifically, WRA states that confidentiality around the business plan would not be lessened if the Company developed the cost/risk metrics for its business plan portfolio as required. WRA appears to imply that PacifiCorp's use of assumptions that "may or may not come to fruition" are all the more reason to provide the sensitive information. It notes PacifiCorp provides no explanation for designating the information "commercially sensitive" nor provides reasons about why it is more sensitive than it has been historically.

Regarding PacifiCorp's concern that providing commercially sensitive information could potentially harm its customers, WRA claims that investor concerns for cost recovery are at the heart of PacifiCorp's request to provide risk metrics for its business planning decisions. Further, that PacifiCorp does not want to reveal the cost consequences of its business planning decisions and this is the reason why PacifiCorp stated "[a] business plan that is required to present this level of commercially sensitive cost data only to be effectively netted-out and eliminated in the IRP comparison cases underlying the portfolio development and preferred portfolio selection process brings only increased risk of harm to the Company and ultimately its customers." As to PacifiCorp's concern related to the unreasonable extension of the analysis of its business plan to 20 years, WRA notes that strategic assumptions can be limited to the first 10 years, and that the Company already provided this information in the 2008 IRP and 2011 IRP. Finally, WRA disagrees with PacifiCorp's claim that the exposure to resource planning activities is consistent with the business plan and fulfills the linkage requirement.

PacifiCorp Reply Comments

PacifiCorp appreciates the parties' time and effort in providing informative comments. The Company has considered their comments and the spirit and clarification provided in the Commission's

order on the IRP guidelines. At the outset, the motivation behind PacifiCorp's Waiver Request is its belief that the longevity of the comparison of the business plan with the IRP will not yield useful information. The Company does not make business decisions based on five, ten, 15 and 20 year assumptions. As parties well know, business decisions are made between a future two- to four-year period. Any assumptions used for periods beyond that immediate period are merely conjecture.

The Company is also concerned about revealing sensitive information related to potential alternatives like plant shut-downs, beyond the immediate action plan period. These types of alternatives were never contemplated in prior IRP plans in which a business plan sensitivity case was performed within the IRP. Providing this type of sensitive information for periods beyond the action plan would be irresponsible and potentially harmful to customers by potentially limiting negotiating leverage associated with uncertain future plant shut down decisions, and would unnecessarily create false expectations. The Company recognizes, however, that a sensitivity analysis that includes business plan assumptions for the immediate future has value in the context of the IRP. Thus, based on parties' comments, the Company hereby clarifies its Waiver Request of the requirement to present the Company's Business Plan as a sensitivity case in future IRPs.

The Company does not seek a waiver of the Commission's *original* IRP Guidelines requiring the Company's Business Plan to be directly related to its IRP.⁴ Notably, the Commission notes in its discussion on that guideline that "consistency between the Company's strategic business plan and its IRP is necessary to ensure that ratepayers receive the benefits from IRP. Details of the consistency will be spelled out in the specific guidelines listed below (see guidelines 4.e and 4.h)." Section 4.f (renumbered in the guidelines to be 4.e) requires "A two-year action plan outlining the specific resource decisions in tended to implement the integrated resource plan in a manner consistent with the Company's strategic business plan," and Section 4.i (renumbered in the guidelines to be 4.h) requires "An evaluation of the

⁴ Utah Docket No. 90-2035-01, Report and Order on Standards and Guidelines, June 18, 1992, Guideline #9, "the Company's Strategic Business Plan must be directly related to its Integrated Resource Plan."

risks associated with various resource options and how the action plan addresses these risks in the context of both the Business Plan and the 20-year Integrated Resource Plan.” Both of these clarifying requirements in the Guidelines point to the IRP action plan as being the relevant comparison for IRP and Business Plan purposes.

PacifiCorp proposes to include a comparison in its 2017 IRP and future IRPs that focuses on the relevant action plan comparison between the IRP and the Business Plan, specifically the first three years. The first two years of the action plan reflects the resource decisions the Company plans to make and the following two years reflect what the Company anticipates may happen. PacifiCorp therefore proposes including the first three years as a balance between its resource acquisition plans and anticipated resource acquisition decisions. This approach would ensure that the Company’s near-term resource acquisition decisions are transparent and discussed in the context of the IRP near-term action plan. Updating this comparison each IRP cycle provides ongoing certainty and consistency among the plans for stakeholders.

Upon reviewing the parties’ comments, the Commission’s original IRP Guidelines, and subsequent Commission orders, PacifiCorp proposes to meet the Commission’s directive to perform a Business Plan sensitivity in the 2017 IRP and future IRPs via a sensitivity case designed as follows:


- Over the first three years of the 20-year IRP planning horizon, resources in PacifiCorp’s most recent Business Plan will be reflected in the sensitivity case resource portfolio.
- Generating unit retirement assumptions from the proposed preferred portfolio will be included in the sensitivity case resource portfolio beyond the first three years of the 20-year IRP planning horizon.
- All other resources beyond the first three years of the 20-year IRP planning horizon will be selected to minimize the net present value revenue requirement across the system, consistent with the modeling methods used to derive the preferred portfolio.

- PacifiCorp will summarize portfolio differences between the sensitivity case and the proposed preferred portfolio, including changes to the resource mix, present value revenue requirement of system costs, and implications on the near-term action plan.

WHEREFORE, PacifiCorp respectfully requests the Commission approve the Company's modified Waiver Request which clarifies the future and ongoing requirement for the Company to include a Business Plan sensitivity designed as set forth herein. PacifiCorp believes this proposal maintains consistency with the Commission's guideline and provides the intended flexibility needed while maintaining transparency for stakeholders. The Company consulted with the Division and it is authorized to represent that the Division supports this proposal. This proposal is also consistent with the UCE recommendation to direct the Company to propose an alternative consistent with the guidance it notes in its comments and discussed herein.

Dated this 8th day of August 2016.

Respectfully submitted,

By 
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