



## State of Utah

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## Public Service Commission

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May 6, 2020

Mr. Chris Parker  
Director, Division of Public Utilities  
Heber M. Wells Building, 4th Floor  
160 East 300 South  
Salt Lake City, UT 84111

Re: *Division of Public Utilities' Audit of PacifiCorp's 2019 Fuel Inventory Policies and Practices; Docket No. 20-035-12*

Dear Mr. Parker:

The Public Service Commission of Utah (PSC) reviewed the Division of Public Utilities' (DPU) March 31, 2020 memorandum concerning its audit of Rocky Mountain Power's (RMP) 2019 fuel inventory policies and practices ("Memo"). The PSC also reviewed RMP's reply comments filed on April 27, 2020.

The Memo, prepared pursuant to the PSC's February 18, 2010 Report and Order on Revenue Requirement, Cost of Service and Spread of Rates in Docket No. 09-035-23,<sup>1</sup> summarizes the results of DPU's annual audit of RMP's fuel inventory management policies, procedures, and actual practices. The Memo also identifies several key findings related to RMP's coal procurement and inventory management.

DPU states RMP has formal policies and procedures in place for its fuel procurement and coal inventory levels that provide flexibility to react to market changes. DPU further states RMP has generally adhered to its policies and procedures in 2019. Due to recent plant closures and announced coal plant retirements, DPU recommends RMP hire a third-party consultant to update its 2018 third-party coal inventory review report by the end of 2020 or by the first quarter of 2021 to ensure policies, practices, and target inventory levels are optimized. DPU recommends no PSC action on this issue.

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<sup>1</sup> See *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 09-035-23.

RMP recommends waiting until the middle of 2021 to engage a third party to update the coal inventory study. At that time, RMP believes significantly less volatility will exist due to the uncertainty in electric consumption and the economy resulting from the effects of the COVID-19 public health emergency. RMP further recommends discussing this issue during the next annual fuel audit to be conducted in the spring of 2021. The PSC supports DPU's recommendation regarding an updated coal inventory study but finds that, in light of the COVID-19 pandemic, the timing for the study as proposed by RMP is reasonable.

The PSC appreciates DPU's ongoing efforts to monitor and audit PacifiCorp's fuel inventory policies and practices and to identify coal inventory-related issues.

Sincerely,

/s/ Gary L. Widerburg

PSC Secretary

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