



State of Utah  
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Commerce

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**Memorandum**

To: Public Service Commission

From: Division of Public Utilities  
Constance White, Director  
Artie Powell, Manager, Energy Section  
Andrea Coon, Technical Consultant

Subject: Schedule 37, Various Revisions and Updates to Avoided Costs for Small Qualifying Facilities; Docket No. 06-035-T06

Date: October 27, 2006

Background

On July 10, 2006, PacifiCorp (Company) filed various revisions and updates to Schedule 37 for Commission approval. On July 17, 2006, the Commission issued an Action Request to the Division of Public Utilities (Division) requesting an investigation of the requested changes. The Division responded on August 4, 2006, with corrections and recommendations. The Commission issued an order on September 12, 2006, that required the Company to make several changes to the tariff filing. The Company refilled the tariff pages on October 6, 2006. The Commission issued a new Action Request to the Division on October 10, 2006. This memo is intended to serve as the Division's response to the October 10, 2006 request.



## Analysis

The Commission ordered three changes be made to the Company's tariff filing: On-peak hours shall be defined using Mountain Prevailing Time and denoted as such; the cost of the proxy plant resources in 2012 shall be consistent with the least cost portfolio identified in the 2004 IRP Update; and actual fuel contracts currently held by the Company, if any, shall be used in the GRID calculation of avoided energy costs. The Division's analysis of the October 6, 2006, filing focused on determining whether said filing complies with the Commission order dated September 12, 2006.

The definition of on-peak hours is contained within Tariff Sheet No. 37.2. This sheet, as filed on October 6, 2006, contains the Commission ordered reference to Mountain Prevailing Time. Therefore, the first change has been made.

The updated prices tied to the proxy resources identified within the 2004 IRP Update are referenced Tariff Sheet No. 37.3. The changes led to an increase in the capacity price beginning in 2012. The initial increase in the capacity price was \$0.12/KW-month in 2012, increasing to a capacity price in 2025 that is \$0.17/KW-month higher than that contained in the July 10, 2006 filing. The effect on levelized pricing was a small increase of \$0.07/KW-month. Therefore, the second ordered change appears to have been made.

The new energy prices, determined by using a blend of actual fuel contracts where available and forecasted prices where actual contracts do not exist, are reflected on both Tariff Sheet 37.3 and Tariff Sheet 37.4. The changes made by the Company led to very small decreases-approximately \$0.0002/kWh-in energy prices in 15 out of the 20 year

time horizon for the non time-differentiated pricing. The peak and non-peak energy pricing also shows minor changes, most of less than \$0.003/kWh. The effect on levelized pricing was a small increase, \$0.0003/kWh for a non time-differentiated price and an increase of between \$0.0009 and \$0.0046/kWh for a time-differentiated price depending upon time and season. The third change appears to have been made.

Recommendation for Approval

The changes to Tariff 37 ordered by the Commission on September 12, 2006 appear to have been made. Therefore, the Division recommends that the Commission approve the changes to Tariff 37 as filed on October 6, 2006.

cc: Rea Petersen, DPU  
Douglas Larson, PacifiCorp  
Mark Widmer, PacifiCorp  
Committee of Consumer Services