

December 6, 2011, Technical Conference

Docket Nos. 09-035-15, 10-035-124, and 11-035-T10

#### Notes on the Updated Commission Reporting Spreadsheet

1. This Spreadsheet shows net power cost (including wheeling revenue) in general rates which ties to the Company's rebuttal testimony and the stipulation in the GRC Docket No. 10-035-124, etc. These rates and costs are referred to as GRC forecast rates/costs/revenues and represent not only what is in rates but also the calculation of "base" rates according to the Commission's March EBA Order. This is also referred to as the "Utah Allocated" method as it relies on the SE and SG factors to allocate system costs to Utah.
2. Base EBA rates are also calculated using the GRC stipulation "Utah Scalar" approach. The Commission approved use of this approach in its order approving the GRC stipulation. However, the Commission also directed the Company to report the monthly EBA accruals using both the Utah Allocated and Utah Scalar approaches.
3. Two hypothetical cases of actual conditions, one with higher and one with lower Utah loads, are presented to depict the EBA ending balance, after one year, under each of the two EBA calculation approaches. The purpose of this exercise is to better understand the mechanics of each approach. In the hypothetical Oregon load change cases presented at the November 2, 2011, technical conference, Utah loads were held constant and therefore revenue (costs recovered) remained the same as forecast - only costs changed. With changes to Utah's load in these new hypothetical cases, Utah net power cost revenue (costs recovered by the Company) also changes.
4. Additionally, the two approaches are compared under four conditions regarding application of the two approaches to actual costs/revenues:
  - 1) Both the allocation factors and the Utah Scalar are dynamic i.e., are recalculated using data in the actual period and applied to the costs in the actual period;
  - 2) the allocation factors are dynamic but the Utah Scalar is fixed to the Utah Scalar value in the GRC stipulation;
  - 3) the allocation factors are fixed to the GRC SG and SE allocation factor values and the Utah Scalar is dynamic; and
  - 4) Both the allocation factors and the Utah Scalar are fixed to the values in the GRC and stipulation. The comparative results for these four conditions are shown on the EBA tab in cells Q4 to S28.

#### Background on GRID "actual cost" scenarios:

Commission staff created new GRID runs to evaluate an assumed 10% increase and a 10% decrease in Utah loads due to a hypothetical event for all hours during the period July 18, 2011, through July 22, 2011. We used the "UT GRC 2011 Rebuttal Gold NPC Study\_2011 06 22" GRID project from the Company's rebuttal testimony in the GRC as the forecast baseline. We created a new scenario whereby

GRID's "Retail Load" data file was altered for a 10% increase (and a 10% decrease) in loads for the five "Utah" transmission load areas. These load areas also include some Idaho and Wyoming load. These load changes were allocated to Idaho and Wyoming in forming the dynamic SE and SG factors.

All other GRID inputs were held constant. These hypothetical cases depict conditions which are exactly as forecast except for the change in Utah loads to view the affect on the Utah EBA balancing account under the various assumptions regarding calculation of the EBA balancing account outlined above.

The system July coincident peak in the test period is forecast to occur on July 18, 2011, at 4:00 p.m. PDT. There is a small error in results due to the change in time of system peak in the load decrease case; time of system peak moved to the prior hour. We did not change the time of system peak in July to calculate the "dynamic" SG factor. We surmise the relationship among states did not materially change between the two hours as both hours incurred the Utah load decrease and were only an hour apart.

There are small changes, primarily balancing sales and purchases, which occur in August due to the July event which appear to be an artifact of the GRID model.

Finally, we've reformatted the EBA tab to include summary results as costs and revenues in addition to cost per unit, or average cost. We've also added a tab "Cost minus Revenue" showing only costs and revenue changes for simplicity. This may help in understanding how the "actual" conditions lead to the balancing account results under the two balancing account approaches, and four conditions described above.