UPSC Data Request 1

To all Parties in this docket, the Commission requests that each party that is proposing a Net Power Cost Adjustment provide sufficient details in electronic format and the associated working files for their final GRID run(s) in this docket to the Commission at their earliest possible opportunity. The intent of this request is for the Commission to have sufficient detail to replicate each proposed adjustment in the GRID power cost model. Specifically please provide at least the following for each adjustment:
1. GRID Scenario
2. Net Power Cost report
3. Net Power Cost report of the revised scenario
4. Net Power Cost Study Spreadsheet showing the impacts of the revised scenario
5. An explanation of the calculations involved in the adjustment with sufficient supporting work papers that Commission staff could duplicate the adjustment
6. A list of which specific fields and/or files within the GRID model were changed, and the specific manner in which they were changed (for example any and all input files)
7. All standard or related export files
8. Relevant work papers and supporting documents with all formulas intact for the adjustment.
9. A summary exhibit which lists each proposed adjustment (using the parties joint numerical exhibit numbering system), the net effect on Net Power Costs, and a reference to the output tables referenced above

Response to UPSC Data Request 1

To respond to this request, the Company has provided two categories of documentation.

First, the Company has provided documentation to support the revisions the Company made in its rebuttal case from its direct case. As stated in Mr. Duvall's testimony, these corrections and revisions ensure the accuracy of net power costs.

<u>Duvall Rebuttal/3-4, lines 47-74:</u>

a. Replace the imputed price with the price based on the sales contract with the Sacramento Municipal Utility District ("SMUD") as authorized in the Commission-approved stipulation in Docket No. 09-035-T08 (Joint Issue #2).

b. Correct the heat rate of the Wyodak plant indicated by the Division of Public Utilities' (Division) Adjustment #3 (Joint Issue #27).

c. Correct the impact of Lewis River motoring and efficiency losses indicated by the Office of Consumer Services' (OCS) Adjustment D.6 (Joint Issue #15).

d. Correct wind integration costs in line with OCS's proposed correction in OCS Adjustment E.12 (Joint Issues #20).

e. Adjust the forced outage rates of Currant Creek and Lake Side indicated by OCS's Adjustment F17 (Joint Issue #25) and apply the EFORd calculation to the Gadsby peaking units proposed in OCS's Adjustment F.18 (Joint Issue #26).

Duvall Rebuttal/ 6-7, lines 125-160:

f. Reflect the Division's proposed adjustment to update the in-service dates of the High Plains and McFadden Ridge wind projects (Joint Issue #28).

g. Reflect the Division's proposed inclusion of the Kennecott, U.S. Magnesium, and Tesoro QF contracts (Joint Issue #30).

h. Reflect OCS's Adjustment E.13 (Joint Issue #21) proposing to update BPA's wind integration charge to reflect the final decision in the BPA's rate case. While OCS has withdrawn this adjustment, the UAE Intervention Group (UAE) continues to support it. An adjustment is also made to incorporate the inter-hour wind integration costs for the two wind projects that are located in the BPA's control area because BPA's wind integration charge does not include day-ahead and hour-ahead balancing costs for wind.

i. Reflect the new prices of the BPA peaking contract and the Grant County purchase contract, both as a result of the final decision in BPA's most recent power rate case, referenced in the preceding paragraph (Joint Issue #31).

j. Reflect MagCorp reserves, as well as the Kennecott generation incentives, that are part of new agreements to be consistent with the Division proposal to reflect revenues associated with the most recent service agreements with MagCorp (Joint Issue #32).

k. Reflect changes to the Company's wheeling contracts with Idaho Power Company and BPA, generally discussed in Mr. Duvall's direct testimony at Duvall Direct/4-5, lines 88-99 (Joint Issue #33).

l. Reflect an update to the June 30, 2009, official forward price curve as proposed by UAE (Joint Issue #29).

The second category of documentation corrects the modeling of certain adjustments proposed by OCS. While the Company contests these adjustments for the reasons set forth in its testimony, these corrections ensure that the adjustments are accurately modeled and are consistent with Mr. Falkenberg's description of the adjustments. Additionally, the Company corrected the

Division's Startup Energy Adjustment because Mr. Evans applied the same incorrect modeling logic as Mr. Falkenberg and also used incorrect data inputs.

A. StartUp Fuel Energy Value (Joint Issue #12) – As acknowledged on cross-examination, Mr. Falkenberg incorrectly failed to reflect the minimum down time of the gas-fired units in the calculation of the value of the startup energy. In addition, Mr. Falkenberg modeled his startup energy adjustment based on the assumed adoption of another OCS adjustment, removal of market caps during the graveyard hours. As the result, the amount of the OCS startup energy adjustment is overstated. To correct these problems, the Company first reinstated the graveyard market caps. Next, the Company modeled the minimum down time for the gas-fired units in question. These adjustments increase net power costs by approximately $2.0 million, while the value of the startup energy is approximately $2.1 million. That is, when modeled correctly, Mr. Falkenberg's adjustment is reduced to $0.1 million on a total Company basis.

   Similar to the OCS's adjustment, the Division's start-up energy adjustment also fails to reflect the minimum down time of the gas-fired units. In addition, the Division overstated the value of startup energy by including the Hermiston plant in the calculation, the startup costs of which are not captured in the Company's net power costs. Mr. Evans calculated the value of the startup energy for Hermiston to be about $0.4 million. Excluding Hermiston in the calculation reduces the Division's adjustment to approximately $1.7 million, which is less than the additional costs incurred by extending the minimum down time, $2.0 million, as described above. That is, the Division's adjustment, as corrected, will increase net power costs.

B. Chehalis StartUp Costs (Adjustment E.8, Joint Issue #16) – In his surrebuttal testimony on page 25, line 580, Mr. Falkenberg indicated that he corrected his adjustment for the Chehalis startup costs. However, Mr. Falkenberg's adjustment is calculated based on the number of startups in the Company's direct case. Due to his changes to the startup costs, the number of startups in his run has increased. As the result, the adjustment should be calculated from the increased number of startups. This correction reduces Mr. Falkenberg's adjustment to approximately $0.4 million on a total Company basis.

C. STF Transmission Synchronization (Adjustment E.9, Joint Issue #17) –OCS proposed the adjustment to use the four-year average expenses to be consistent with the four-year average transmission capacity that the Company modeled. However, Mr. Falkenberg's adjustment goes much further, converting the fixed payments for the transmission capacity to variable payments based on usage. As the result, this adjustment is overstated. The correct calculation of the adjustment actually described by Mr. Falkenberg would be to use the four-year average of the fixed payments. This correction

reduces Mr. Falkenberg's adjustment to approximately $1.8 million on a total Company basis.

D. Planned Outages (Adjustment F.14, Joint Issues #22) – In his surrebuttal testimony, Mr. Falkenberg adopted the Division's planned outage adjustment, revising the maintenance schedule of several coal generation units. However, Mr. Falkenberg and Mr. Evans made different adjustments to the Company's inputs before incorporating the adjustment to the planned outage schedules. As the result, the same planned outage schedule has a different impact in the OCS and Division cases. Therefore, the corrected amount of adjustment should be determined by a run in GRID. This correction reduces Mr. Falkenberg's adjustment to approximately $0.5 million on a total Company basis.

E. Impact on coal generation when including additional reserves required for wind integration directly in GRID – In his surrebuttal testimony beginning on page 14, line 314, Mr. Falkenberg indicates that "coal fired generation in the test year is reduced by more than 700,000 MWh" if the additional reserves required are modeled in GRID. However, if modeled correctly through the intra-hour wind integration model, the actual amount of the reserves carried by coal for integrating wind would be about 110,000 MWh. The Company will provide this modeling upon request.

The requested documentation and scenarios are grouped as just described. On the Confidential CD provided together with this response, the directory named "RMP Rebuttal" contains the support for the first category of calculations in support of the Company's rebuttal position. The directory named "OCS Corrected" contains the support for the second category of calculations, correcting the modeling of certain contested adjustments.

Under the "RMP Rebuttal" directory,

- The file named "UPSC 4 & 6 - UT GRC June 2010 Rebuttal Run Summary.xls" identifies the scenarios, the inputs and the changes of the scenarios in the first group of support.

- There are three GRID projects: a project with the scenario in the Company's direct case, a project for all scenarios in the Company's rebuttal case, and a project with all scenarios that are required for the commitment logic screens in the rebuttal case.

- The folders contain the net power cost reports, inputs and outputs of
  - The Company's net power costs in the direct case,
  - The Company's net power costs in the rebuttal case, and
  - Each of the 12 adjustments a. through l. above.

Under the "OCS Corrected" directory,

- The file named "UPSC 4 & 6 - UT GRC June 2010 OCS Corrections Summary.xls" identifies the scenarios, the inputs and the changes of the scenarios in the second category of documentation.

- The GRID project contains the scenarios of the runs listed in file "UPSC 4 & 6 - UT GRC June 2010 OCS Corrections Summary.xls"

- The folders contain the net power cost reports, inputs and outputs of the corrected adjustments A. through D. above.