



**Appendix A UIEC Comments on Division of Public Utilities'  
Utah Workgroups I-II Load Research and Peak-Hour  
Forecasting Report November 29, 2010**



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## MEMORANDUM

**TO:** Division of Public Utilities

**FROM:** F. Robert Reeder  
Vicki M. Baldwin  
On behalf of UIEC

**DATE:** November 29, 2010

**SUBJECT:** UIEC Comments on Division of Public Utilities' Utah Workgroups I-II Load Research and Peak-Hour Forecasting Report

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### **INTRODUCTION:**

The group of Utah Industrial Energy Consumers ("UIEC") submits these separate comments to be included with the Division of Public Utilities' ("Division") Report to further clarify the UIEC's position on certain issues.

### **SEASONALITY:**

Seasonality is not adequately addressed in the Company's load research and load forecasting. While calibration may be a start to ensuring that those classes that, because of their disproportionate use during high cost peak seasons, cause the high costs, pay for them, it is not completely adequate. The Company continues to use averages and estimates based on annual averages when it comes to class allocation. It is unclear why it is that when the Company can implement pricing through time-of-use rates, seasonal rates, and inverted rates to purportedly more accurately reflect cost causation, it cannot implement cost allocation methodologies that better reflect cost causation. Load data should be collected and reported with sufficient



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granularity so that rates can be based on costs, not speculation. While this workgroup was a good start, the recommendations found in the Division’s Report still do not address the issues of granularity. Load data collection accuracy may not be completely resolved until smart meters are fully implemented so that costs are based on actual data rather than socialized across the classes, but we should make more effort to do the work necessary to make it the best it can be short of using smart meters.<sup>1</sup>

Furthermore, the UIEC disagrees with the inference in the Division’s Report at page 3 that the Utah Public Service Commission (“Commission”) has actually ruled on certain issues, and therefore, the issues to be resolved are few. The Commission has really never had many of these issues presented for decision with an adequate record so that an informed decision could have been made. Also, the absence of adequate load data to support the rate spread and rate design has only recently been called to the Commission’s attention.

**LOSSES:**

As to the issues addressed in the Report, the UIEC raised the issue of how losses were being accounted for by Rocky Mountain Power (“RMP or the “Company”). This has not been addressed in the Report and UIEC does not want this issue to be lost. It is UIEC’s position that if losses are measured at the peak, then they are probably being treated appropriately. However, this was not confirmed, and therefore, remains an issue for clarification and resolution.

**PURPA STANDARD:**

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<sup>1</sup> The customer needs to be informed if it is to make wise and efficient choices. As it stands today, the typical customer knows more about the cost to fuel his or her car, and is thus better able to make informed choices related to that type of energy usage, than he or she knows about the cost of the electrical energy that he or she uses at home.



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The Division states that it supports the Company's proposal to create a sample design that focuses primarily on the peak summer and winter months to meet the PURPA standard. While this is a good start in the right direction, why are we content with having more accurate information for only six or seven months of the year? The sample design should attempt to get all twelve months accurately or we should only use the six or seven months more accurately collected in doing the cost allocation. Otherwise, a rogue month that is not one of the special seven, could be left unaddressed and skew the results. See for example Exhibit 2. In the 2009 General Rate Case, October exceeded the jurisdictional load by 999 MW (38%).

**DATED LOAD RESEARCH STUDIES:**

UIEC does not necessarily agree that the load research studies are no longer out of date. The studies used in the 2009 General Rate Case, Docket No. 09-035-23, were from 2006 and 2008. It was agreed that they were out of date. We have not yet seen the full year results for the 2008 studies as they have not yet been used in any case. Furthermore, the fact that they may be newer does not mean that the 2008 studies do not suffer from other problems. Age was not the only problem with the prior studies. Their effectiveness for estimation was also affected by the problems with design, size, and other factors.

**WEATHER NORMALIZATION:**

The Division has proposed a five-year moving average as an interim solution for the weather normalization issue, which can potentially be improved, if not resolved, by software. It was never fully explained how the Division's proposal would work, what the impact would be, and how it would resolve the issue. If the Company's peak is becoming more and more weather



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sensitive by year, it is not clear how taking an average over five years can adequately address the issue. This would appear to be resorting to the same problematic solution—averaging. Therefore, UIEC is not necessarily in agreement with this proposal.

**CALIBRATION:**

UIEC supports calibration. If you have some classes that are being estimated and others that are being metered and measured, and the total of the classes does not equal the jurisdiction total, it is obviously due in large part to the estimated classes, not the measured and metered classes. The Company proposes to try to make better estimates on six or seven of the twelve months for the estimated classes. That still leaves a lot of room for error. After accounting for the loads that are not in the jurisdictional load figures, if there is still a material difference in any month, the reasons should be investigated, and unless some clear explanation can be made that accounts for the difference, the estimated classes should be increased to meet the adjusted jurisdictional load.

The Division's proposal of using an annual difference of 2% for certain thresholds is inadequate. See for example Exhibits 2 and 3. In Exhibit 3, there is a 39% difference in one month, October, but because there are significant negative differences in other months to offset this, the annual difference appears to be only 2%. Under the Division's proposal, these other significant months might not be investigated. That is why UIEC has proposed that the absolute values of the differences be used as shown in Exhibit 2. The Division's disagreement with UIEC's proposal appears to be one of convenience. It would take more work to get the estimates more accurate. In light of the costs at stake, this does not appear to be an adequate justification



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for NOT doing the right thing. However, if all material aberrations would be corrected under the Division's proposal, it may be acceptable.