



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission
From: Utah Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Abdinasir M. Abdulle, Technical Consultant
Charles Peterson, Technical Consultant
Date: January, 27, 2013
Re: Docket No. 13-035-63 – Rocky Mountain Power Quarterly Compliance Filing – 2013.Q4 Avoided Cost Input Changes

RECOMMENDATIONS (Acknowledge)

The Division of Public Utilities (“Division”) recommends that the Commission acknowledge Rocky Mountain Power’s (“Company”) quarterly compliance filing – 2013.Q4 avoided cost input changes – as complying with the Commission Order in Docket No. 03-035-14.

ISSUE

On December 26, 2013, the Company filed its Quarterly Compliance Filing – 2013.Q4. This filing reports changes since the Company’s 2013.Q3 Quarterly Compliance filing dated October 15, 2013. On December 26, 2013, the Public Service Commission (“Commission”) issued an Action Request to the Division requesting a review of the Company’s filing for compliance and to make recommendations. The Commission asked the Division to report back by January 27, 2014. This memorandum represents the Division’s response to the Commission’s Action Request.

DISCUSSION

Based upon Commission Orders dated October 31, 2005 and February 2, 2006, in Docket No. 03-035-14, the Company is required to provide quarterly updates of its avoided cost indicative pricing, highlighting any changes made to the Proxy and GRID models that are used to calculate Schedule 38 avoided costs.

In compliance with these Commission Orders, the Company filed with the Commission its quarterly report for the 2013.Q4 on December 26, 2013. The Division reviewed and checked the accuracy and reasonableness of the calculations in the Company's filing. The Division believes that the Company properly documented the input changes to the avoided cost calculations. Based on our review, the Division concludes that the updates appear reasonable.

The Division notes that the Company updated several inputs to its model since the 2013.Q3 update filing. These updates include:

- 1) Updating the inflation rate to the Company's most recent inflation rate study dated September 2013.
- 2) Updating the load forecast to the Company's 20-Year load forecast dated October 2013.
- 3) Including seven Utah Schedule 37 solar projects that have signed contracts.
- 4) Updating short term firm transactions to reflect those contracts executed as of October 2013.
- 5) Updating wind and solar profiles, integration costs, and capacity contributions to be consistent with the Commission Orders in Docket No. 12-035-100 dated August 16, 2013 and October 4, 2013.
- 6) Other modeling updates.

Overall, the input changes made by the Company between this compliance filing and the 2013.Q3 filing *decreases* avoided cost prices on a 20-year nominal levelized basis by approximately \$1.09 per MWh. This decrease represents the cumulative impact of all the changes made by the Company. The incremental impact of each change from the prior step will depend on the order in which the changes are introduced into the model.

Based upon its review, the Division believes that the updates to the inputs of the avoided cost calculation are generally reasonable and the avoided cost prices are calculated according to the Commission approved methodology. Therefore, the Division recommends that the Commission acknowledge the Company's Quarterly Compliance Filing.

CC: Dave Taylor, RMP
Michele Beck, OCS