DPU Data Request 6.1

Hunter and Huntington Fuel Costs

The Company's response to DPU 4.1 shows Hunter / Huntington fuel expense and MMBtus "in rates".

(a) Please explain how the Company decided what Hunter / Huntington fuel expenses and MMBtus are "in rates".

(b) Does the Company agree that there is no document either approved by the Commission or otherwise that specifies the specific Hunter / Huntington fuel expense and MMBtus that are currently in rates or will be in rates for all of calendar year 2015 or 2016?

(c) Please provide the specific source (document, page number, cell, etc.) of the Hunter / Huntington fuel expenses and MMBtus "in rates".

(d) Please provide the calculations (excel format with formulae intact) used to arrive at the $288,695,244 fuel expense and 151,720,343 MMBtus "in rates". Please explain and site sources of any assumptions used in the calculations.

(e) Does the $288,695,244 include Deer Creek depreciation? If yes, is there a double counting of Deer Creek depreciation in the Company's attachment response to DPU 4.1? If no, please explain.

Response to DPU Data Request 6.1

(a) The settlement of the Company's general rate case (GRC), Docket 13-035-184, included net power costs (NPC) derived from the Company's Generation and Regulation Initiative Decision Tool (GRID). It is GRID calculated Hunter / Huntington fuel expenses and million British thermal units (MMBtu) in rates that is provided with the Company's response to DPU Data Request 4.1.

(b) No, the Company does not agree with that statement. The Public Service Commission of Utah (UPSC) approved the settlement of Docket No. 13-035-184 that included NPC derived from GRID. This amount is documented in Exhibit A page 2 of 4 of the Utah GRC Settlement Stipulation in Docket No. 13-035-184. No party challenged the Hunter/Huntington fuel expenses and MMBtus in the case and they had every opportunity to do so. Hence in a situation where parties had the opportunity to challenge specific costs and recommended disallowances of other NPC costs, but did not take issue with these specific NPC costs, parties cannot now challenge these particular costs as they are "in rates" as approved by the Commission.

(c) The Utah GRC Settlement Stipulation in Docket No. 13-035-184, referenced in the Company's response to subpart (b) above, is supported by the settlement NPC workbook. This workbook is provided as Confidential Attachment DPU 6.1. On the tab entitled "a1 NPC", the Hunter / Huntington fuel expenses are provided in cells C256 and C257, and the Hunter / Huntington MMBtu are provided in cells E649 and E650.

(d) The $288,695,244 fuel expense in rates comes from the settlement in Utah GRC Docket 13-035-184, as described above. The 151,720,343 MMBtu is the actual / forecast amount for calendar year 2015, which, like the accompanying $283,241,772 actual / forecast fuel expense for that period, is the current forecast for 2015 of fuel consumption and associated costs. The amounts that will ultimately be filed for the 2016 Energy Balancing Account (EBA) will be actual fuel consumption and costs for calendar year 2015.

(e) The $283,241,772 Forecast Fuel Expense for 2015 does not include depreciation because the mine ceased operation in January 2015. The $288,695,244 Fuel Expense in rates from Docket No. 13-035-184 does include depreciation because that filing assumed the Deer Creek mine would be operating. By using the resulting costs per MMBtu to compute the fuel cost differential, meaning the difference between actual cost per MMBtu to fuel Hunter and Huntington in 2015 without operation of the Deer Creek Mine and cost per MMBtu reflected in base NPC assuming Deer Creek Mine continued to operate, there is no double-counting of depreciation and depletion expense. This calculation represents only the difference between the replacement cost per MMBtu to fuel the two plants and that in base which assumed continued operation of the Deer Creek Mine In addition to computation of the fuel cost differential, the Company's response to DPU 4.1 provides the estimated in-rates depreciation and depletion associated with the Deer Creek Mine and assets to be sold in 2015 that the Company proposed be used as the basis to amortize the unrecovered investment regulatory assets until such time that rates are reset. The Company proposed that this amortization be captured in computing the total deferral through the EBA along with the fuel cost differential until such time that rates are reset since the depreciation and depletion are reflected in base NPC.