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State of Utah
Department of Commerce
Division of Public Utilities

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Director, Division of Public Utilities

MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager, Energy Section
Joni Zenger, Technical Consultant

Subject: Request for Scheduling Conference in the Matter of Rocky Mountain Power's Report of Exchange of Certain Transmission Assets with Idaho Power Company, Docket No. 14-035-150.

Date: January 12, 2015

REQUEST

The Division of Public Utilities (Division) requests that the Commission withdraw the Division's December 23, 2014 request to set a Scheduling Conference in the above-referenced docket. No other Commission action is required.

EXPLANATION

On December 23, 2014, the Division filed a memorandum with the Public Service Commission of Utah (Commission), requesting a Scheduling Conference be set in the above-referenced docket. After further review and discussion with Rocky Mountain Power (Company), the Division determined that the Company's December 19, 2014 Report of Exchange of Certain Transmission Assets with Idaho Power Company (Report) was filed for informational purposes

only and does not require Commission approval. Therefore, the Division requests that the Commission withdraw the Division's December 23, 2014 request to set a scheduling conference.

The Report was filed pursuant to the reporting requirements contained in Utah Admin. Code R746-401-3A, which states the following:

Each public utility shall file a report with the Commission, at least 30 days before beginning construction, by the utility or contracted by the utility, or before the purchase or acquisition of the following utility assets and any other utility plant devoted to Utah service, the cost of which is in excess of the lesser of \$10,000,000 or five percent of gross investment in utility plant devoted to Utah service at the latest balance sheet date as set forth in its most recent annual report on file with the Commission:

The Company and Idaho Power Company (Parties) own and operate various transmission assets that move energy from the Jim Bridger generating plant in Wyoming to the PacifiCorp West balancing area (PAC-W) in Idaho, Oregon, Washington, and Wyoming. The Parties have agreed to an asset exchange of certain transmission assets in order to more effectively operate the transmission system and manage expected load growth in the region. The Parties intend to replace or restate current legacy contracts with the provision of new transmission service obligations under existing Federal Energy Regulatory Commission (FERC) Open Access Transmission Tariff (OATT)-based rates. In order to do so, the Company is required to file for regulatory approval before state commission's in each of the PAC-W states, as well as with the FERC and the Utah Commission. The Company states that the transaction does not create new available transmission capacity, and the exchange will be either neutral for the Parties' customers or it may provide a modest retail rate benefit for customers.¹

The pending asset exchange is valued at approximately \$43 million² to each Party and thus meets the threshold reporting requirement in Utah, but requires no Commission approval. The Company's Report of the upcoming asset exchange was filed in a timely manner under R746-

¹The Report, paragraphs 7 and 16, respectively.

² Id. at paragraph 16.

401-3B and appears to comply substantially with the reporting requirements contained in subsection D of the statute. No Commission approval of the transaction is required.

CONCLUSION AND REQUEST

The Division has reviewed the Company's Report of exchange of certain transmission assets with Idaho Power Company. The reallocation and exchange of assets will facilitate more streamlined ownership and operations, as well as more cost-effective service of load growth. The Parties will exchange assets of nearly equal values of approximately \$43 million subject to a true-up adjustment after the transaction closes. The legacy service agreements between the Parties will be replaced with amended and restatement transmission service agreements that are compliant with the FERC's preference for OATT-based service.

Inasmuch as the filing is a reporting requirement only, the Division requests that the Commission withdraw the Division's request to set a scheduling conference in this matter. The Division finds the Company's Report meets the Commission's reporting requirements found in Utah Admin. Code R746-401-3, being both timely and complete. The Division requests that the Commission close the December 19, 2014 Action Request issued to the Division in this matter as no further action is required.

cc:

Jeff Larsen, Rocky Mountain Power
Robert Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services