

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Rocky Mountain Power's
2015 Integrated Resource Plan

DOCKET NO. 15-035-04

ORDER

ISSUED: September 16, 2016

On April 7, 2016, PacifiCorp dba Rocky Mountain Power (“PacifiCorp”) filed a Request for Waiver of Requirement to Include Business Plan as Sensitivity Case in Subsequent Integrated Resource Plans (“Request”). In the Request, PacifiCorp seeks a waiver of the requirement to include its Business Plan as a sensitivity case (“Business Plan Requirement”) in all future Integrated Resource Plans (“IRPs”). After the Commission received comments from numerous stakeholders, PacifiCorp filed its Reply Comments which constitute a modified proposal to comply with the Business Plan Requirement. Subject to the review process that will occur following the submission of the 2017 IRP, we provisionally grant the modified proposal contained in PacifiCorp’s Reply Comments.

1. PROCEDURAL HISTORY AND BACKGROUND

On March 31, 2015, PacifiCorp filed its thirteenth IRP, which is required to meet the IRP Standards and Guidelines (“Guidelines”) we adopted in 1992.¹ After holding numerous technical conferences and receiving two rounds of comments from the Division of Public Utilities (“Division”), the Office of Consumer Services (“Office”) and numerous other stakeholders, the Commission issued an order dated January 8, 2016 in this docket (“January Order”) acknowledging PacifiCorp’s 2015 IRP, as filed.

¹ *In the Matter of Analysis of an Integrated Resource Plan for PacifiCorp*, Docket No. 90-2035-01, Report and Order dated June 18, 1992.

The January Order observed PacifiCorp had not satisfied the Business Plan Requirement in its 2015 IRP and noted the omission was “contrary to [the Commission’s] direction” in a 2013 order.² The Commission nevertheless acknowledged PacifiCorp’s 2015 IRP as filed but “remind[ed] PacifiCorp the requirement remains for future IRPs.”³

- a. PacifiCorp Filed its Request to Waive the Business Plan Requirement in all Future IRPs, and the Division, the Office and Two Other Stakeholders Filed Comments in Opposition.

On April 7, 2016, PacifiCorp filed its Request, seeking a waiver of the Business Plan Requirement in all subsequent IRPs. PacifiCorp asserted three justifications for its request. First, PacifiCorp asserts the Business Plan “contains confidential, business-sensitive, and strategic information that would be disclosed to parties participating in the IRP public process.” (Request at 4.) PacifiCorp maintains “the content of the [Business Plan] has become increasingly commercially sensitive [owing largely to potentially emerging state and/or federal energy policies]” and that disclosure, even “under a protective order or a non-disclosure agreement,” jeopardizes PacifiCorp’s and its customers’ interests. (*Id.*) PacifiCorp contends the protection of this information “far outweighs any negligible benefits of using and disclosing it as a sensitivity case in the IRP process.” (*Id.*)

Second, PacifiCorp asserts its Business Plan considers capital and operating budget constraints, incorporates “certain forward looking assumptions regarding emerging regulations and policies” and “considers a thorough assessment of all forecasted resource costs.” (*Id.* at 5.)

² January Order at 31 (citing Docket No. 13-2035-01, *In the Matter of PacifiCorp’s 2013 Integrated Resource Plan*, Report and Order dated January 2, 2014).

³ *Id.*

By contrast, “the IRP is structured to study [only] how different resource acquisition paths compare to one another, [and] it does not consider system cost information that remains unchanged among varying resource portfolio scenarios.” (*Id.* at 4.) PacifiCorp concludes the harm associated with disclosing the underlying commercially sensitive information outweighs any benefits associated with the Business Plan Requirement, which PacifiCorp characterizes as providing an apples to oranges analysis.

Finally, PacifiCorp points out that its IRP planning horizon extends 20 years whereas its Business Plan horizon extends only ten. PacifiCorp asserts the incongruity in duration further renders the analysis unhelpful and that requiring PacifiCorp to prepare a Business Plan extending to 20 years for the sole purpose of presenting a sensitivity case in its IRP is not reasonable. (*Id.* at 5.)

The Commission received written comments regarding the Request from the Division, the Office, Utah Clean Energy (“UCE”) and Western Resource Advocates (“WRA”). In its comments, the Office objects to the Request, arguing the “Commission has imposed this requirement for a good reason; and therefore, the Commission should deny [PacifiCorp’s] request for a Business Plan Waiver.” (Office Comments at 1.) However, the Office implicitly appears to recognize some merit in the concerns PacifiCorp expresses in its Request because the Office recommends the “Commission deny [PacifiCorp’s] request for a Business Plan Waiver; and instead, require [PacifiCorp] to propose an alternative solution for the issues it raised in its [Request]” (*Id.* at 2.)

The Division similarly objected to the Request, concurring that PacifiCorp’s “commercially sensitive information should be protected” but asserting PacifiCorp’s request for

a “blanket waiver” was not a reasonable solution and would diminish the IRP’s effectiveness. (Division Comments at 17.) The Division initially recommended PacifiCorp provide the Business Plan sensitivity analysis only to the Commission, the Division and the Office as a potential resolution to PacifiCorp’s concerns. (*Id.*) The Division filed its Comments before PacifiCorp filed its Reply Comments and, as noted below, the Commission understands the Division endorses the approach PacifiCorp proffered in its Reply Comments as an acceptable resolution.

UCE filed comments objecting to the Request, asserting that granting the waiver would contradict the Commission’s long established “linkage requirement” between the IRP and PacifiCorp’s Business Plan. Like the Office, UCE recommends allowing PacifiCorp (or other parties) “to propose [alternative] strategies for complying with the linkage requirement.” (UCE Comments at 9.) UCE asserts any such strategy should be consistent with the following principles: (1) PacifiCorp’s business decisions should allow ratepayers to realize the benefits of the IRP process; (2) the IRP should contain sufficient detail to allow the regulatory community to evaluate the ratepayer impacts of PacifiCorp’s Business Plan and business decisions; and (3) PacifiCorp “should bear the risk of resource decisions based on asserted but unexamined costs, risks, and uncertainties.” (*Id.*) Finally, WRA filed comments opposing the Request and challenging PacifiCorp’s rationale for it. WRA notes PacifiCorp’s concern about ensuring cost recovery for its capital expenditure program, and WRA disagrees that granting the Request is necessary to protect commercially sensitive information or to avoid incongruities between the IRP and Business Plans (*i.e.*, differences in their respective content and/or duration). Unlike the

Office and UCE, WRA does not suggest the Commission consider alternatives to the existing Business Plan Requirement and simply recommends the Commission deny the Request.

b. In Response to the Office's and UCE's Invitations to Suggest Alternatives to its Request, PacifiCorp Filed its Reply Comments.

On August 8, 2016, PacifiCorp filed its Reply Comments wherein PacifiCorp proposed modifying the Business Plan Requirement in a fashion it asserts will serve to alleviate the concerns the Division, the Office and UCE expressed. While the Reply Comments are substantively different from PacifiCorp's original Request, we understand PacifiCorp's Reply Comments grew organically out of the Office's and UCE's invitations to suggest an alternative and that the Division stipulated to the Reply Comments before PacifiCorp filed them.

In its Reply Comments, PacifiCorp requests leave to satisfy the Commission's Business Plan Requirement in the 2017 IRP and future IRPs as follows:

- (1) Over the first three years of the 20-year IRP planning horizon, resources in PacifiCorp's most recent Business Plan will be reflected in the sensitivity case resource portfolio;
- (2) Generating unit retirement assumptions from the proposed preferred portfolio will be included in the sensitivity case resource portfolio beyond the first three years of the 20-year IRP planning horizon;
- (3) All other resources beyond the first three years of the 20-year IRP planning horizon will be selected to minimize the net present value revenue requirement across the system, consistent with the modeling methods used to derive the preferred portfolio;

- (4) PacifiCorp will summarize portfolio differences between the Business Sensitivity Case and the proposed preferred portfolio, including changes to the resource mix, present value revenue requirement of system costs, and implications on the near-term action plan.

(Second Request at 6-7.)

PacifiCorp represents it has consulted with the Division and that it is authorized to represent to the Commission that the Division supports the relief PacifiCorp seeks in the Second Request. Additionally, PacifiCorp asserts the Second Request is consistent with UCE's recommendation.

2. DISCUSSION AND ORDER

The circumstance presented to us is not optimal because PacifiCorp has proposed an outcome in its Reply Comments upon which we have not yet invited other parties to comment. We note, however, that no party has filed or sought leave to file any sur-reply or objection to the Reply Comments. In fact, the Division appears to have stipulated to it. We further note both the Office and UCE invited alternatives to PacifiCorp's initial Request, and PacifiCorp appears to have attempted to accommodate them in filing its Reply Comments.

Additionally, we are aware the process for preparing the 2017 IRP and receiving public input with respect to it is well underway, and the parties will benefit from understanding our expectation with respect to the Business Plan Requirement without further delay.

Therefore, we provisionally grant PacifiCorp's proposal outlined in its Reply Comments. We direct PacifiCorp to file its 2017 IRP consistent with the Guidelines and all existing Commission orders on the subject, but we give PacifiCorp leave to satisfy the Business Plan

DOCKET NO. 15-035-04

- 7 -

Requirement in a manner consistent with the approach outlined in its Reply Comments and as identified in subparagraphs numbered one through four on pages five and six of this Order. We recognize that the IRP process will allow any party to come forward with substantive objections to the approach outlined in the Reply Comments, and we will consider any such objections at that time. Unless this provisional order is revisited based on objections of parties to the IRP, it should be considered final and PacifiCorp may satisfy the Business Plan Requirement in its future IRPs in the manner outlined here.

DATED at Salt Lake City, Utah, September 16, 2016.

/s/ Michael J. Hammer
Presiding Officer

Approved and confirmed September 16, 2016 as the Order of the Public Service
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#289085

CERTIFICATE OF SERVICE

I CERTIFY that on September 16, 2016, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Data Request Response Center (datarequest@pacificorp.com)
PacifiCorp

Robert C. Lively (bob.lively@pacificorp.com)
Rocky Mountain Power

Sophie Hayes (sophie@utahcleanenergy.org)
Sarah Wright (sarah@utahcleanenergy.org)
Mitalee Gupta (mgupta@utahcleanenergy.org)
Utah Clean Energy

Justin Wilson (jwilson@westerncec.org)
Western Clean Energy Campaign

Benjamin J. Otto (botto@idahoconservation.org)
Idaho Conservation League

Lisa Tormoen Hickey (lisahickey@coloradolawyers.net)
Alpern Myers Stuart LLC

Gary A. Dodge (gdodge@hjdllaw.com)
Hatch, James & Dodge

Kevin Higgins (khiggins@energystrat.com)
Don Hendrickson (dhendrickson@energystrat.com)
Energy Strategies

Gloria D. Smith (gloria.smith@sierraclub.org)
Sierra Club Environmental Law Program

Shannon Anderson (sanderson@powderriverbasin.org)
Powder River Basin Resource Council

Matt Pacenza (Matt@healutah.org)
Robert DeBirk (Rob@healutah.org)
Healthy Environment Alliance of Utah

DOCKET NO. 15-035-04

- 9 -

Steven S. Michel (smichel@westernresources.org)
Nancy Kelly (nkelly@westernresources.org)
Western Resource Advocates

Erika Tedder (etedder@utah.gov)
Division of Public Utilities

Patricia Schmid (pschmid@utah.gov)
Justin Jetter (jjetter@utah.gov)
Rex Olsen (rolsen@utah.gov)
Assistant Utah Attorneys General

By Hand-Delivery:

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant