



State of Utah

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Public Service Commission

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Commissioner

May 19, 2015

Bob Lively
PacifiCorp, dba Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111

Re: Docket No. 15-035-28, "In the Matter of Rocky Mountain Power's Blue Sky Program"

Dear Mr. Lively:

Pursuant to Commission Orders in Docket Nos. 00-035-T01 and 07-035-T13, on March 19, 2015, PacifiCorp, doing business as Rocky Mountain Power ("Company") filed with the Commission its Annual Report of the Blue Sky Program ("Report") covering the 2014 calendar year. On March 19, 2015, the Commission issued an action request to the Division of Public Utilities ("Division") requesting a review of the Report and to make any recommendations by April 20, 2015. Subsequently the Commission issued a Notice of Filing and Comment Period giving interested parties until April 22, 2015, to provide comments, with reply comments due May 7, 2015. The Division filed its response to the action request on April 21, 2015. No other parties filed comments in this docket.

The Division recommends the Commission acknowledge the Report as meeting the ordered requirements. With this letter, the Commission notes it has reviewed the Company's Report and the Division's recommendation and acknowledges the Report as being in compliance with the Commission's relevant reporting requirements. We also provide additional guidance and direction for future reports and the program.

The Report shows the amount of renewable energy provided to participating Utah customers (at the Utah jurisdictional level)—accounted for by the purchase of renewable energy credits ("REC"s) by the Company—is less than the amount of renewable energy those same Utah customers are due from their purchase of Blue Sky Blocks. The Company also uses Blue Sky funds to subsidize demonstration projects in the Utah service territory, which provide some

net amount of energy to the system. Moreover, the 2014 Report states the company intends to use the majority of currently available Blue Sky revenues to offset some of the cost of a future Company-owned PV solar facility. We request that in future Reports the Company provide a reconciliation as to the degree to which the subsidized portion of the total output of the demonstration projects and the subsidized portion of the proposed future Company solar PV project cover the deficit of REC (or other renewable energy) purchases.

Further, the current Blue Sky rate was initially set in Docket No. 00-035-T01, when we approved the rates in that docket stating the premium paid by participating customers must be cost based. We also addressed the concept of truing the premium amount up to actual costs over time:

“In order to insure that the premium is cost-based, the Commission will require the Company to submit an analysis, based on both traditional ratemaking principles and a levelized approach, for determining the premium to cover the actual incremental production costs of the selected renewable resource. The analysis should be submitted as soon as possible after contracts for constructing facilities, or for the purchase of power, are obtained *and updated as appropriate.*” (Order Approving Tariff with Certain Conditions, Docket No. 00-035-T01, pg. 5, April 17, 2000. Emphasis added.)

Given the changes in the price of RECs and in the costs of renewable energy equipment that have occurred in recent years, the Commission directs the Company to analyze and update the Blue Sky Block rate in its next annual report.

Sincerely,

/s/ Gary L. Widerburg
Commission Secretary

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