



State of Utah

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Public Service Commission

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May 18, 2017

Mr. Chris Parker
Director, Division of Public Utilities
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111

Re: *In the Matter of the Division's Audit of PacifiCorp's 2016 Fuel Inventory Policies and Practices;*
Docket No. 17-035-17

Dear Mr. Parker:

The Public Service Commission of Utah (PSC) reviewed the March 30, 2017 Division of Public Utilities' (DPU) Audit Report of the 2016 Fuel Inventory Policies and Practices (Report) of PacifiCorp, dba Rocky Mountain Power (PacifiCorp). The Report, prepared pursuant to the PSC's February 18, 2010 Report and Order on Revenue Requirement, Cost of Service and Spread of Rates in Docket No. 09-035-23, summarizes the results of the DPU's annual audit of PacifiCorp's fuel inventory management policies, procedures, and actual practices.

The DPU concludes PacifiCorp has: 1) formal policies and procedures in place for its fuel procurement and coal inventory levels; 2) generally adhered to its policies and procedures in 2016, and as amended with an effective date of January 1, 2016; and 3) policies which provide flexibility for PacifiCorp to react to the unprecedented changes in the market the industry faced this past year. The DPU further concludes PacifiCorp is generally in compliance with its policies and procedures or has plans to comply in the near future, and recommends no further action be taken. The DPU noted it would like PacifiCorp to provide the DPU with all future updates to PacifiCorp's Coal Inventory Policies and Procedures, along with a redline copy of the changes made, within 60 days. We encourage this timely conveyance of information requested by the DPU from PacifiCorp.

The Commission appreciates the DPU's efforts to audit PacifiCorp's Fuel Inventory Policies and Practices to ensure compliance with our directive in Docket No. 09-035-23.

Sincerely,

/s/ Gary L. Widerburg
Commission Secretary
DW#294067