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# State of Utah Department of Commerce Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

THOMAS BRADY  
*Deputy Director*

CHRIS PARKER  
*Director, Division of Public Utilities*

## **ACTION REQUEST RESPONSE**

To: Utah Public Service Commission

From: Utah Division of Public Utilities  
Artie Powel, Manager  
Energy Section  
Abdinasir Abdulle, Utility Analyst  
Charles Peterson, Technical Consultant

Date: October 30, 2017

Re: Docket No. 17-035-37 (03-035-14) – Rocky Mountain Power’s Quarterly Compliance Filing – 2017.Q2. Avoided Cost Input Changes

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### **RECOMMENDATION (No Action)**

The Division of Public Utilities (“Division”) recommends that the Public Service Commission (“Commission”) take no action on Rocky Mountain Power’s (“Company”) quarterly compliance filing – 2017.Q2 avoided cost input changes.

### **ISSUE**

On October 2, 2017, the Company filed its Quarterly Compliance Filing – 2017.Q2. This filing reports changes since the Company’s 2017.Q1 Quarterly Compliance Filing dated June 21, 2017. On October 2, 2017, the Commission issued an Action Request to the Division requesting the Division to review the application for compliance and to make recommendation. The Commission asked the Division to report back by November 1, 2017. On October 4, 2017, the Commission issued a Supplemental Action Request modifying the Division’s response date to

October 23, 2017 which was later extended to October 30 in response to the Division's October 23, 2017 request for extension. This memorandum represents the Division's response to the Commission's Action Request.

## **DISCUSSION**

Based upon Commission Orders dated October 31, 2005 and February 2, 2006 in Docket No. 03-035-14, the Company is required to provide quarterly updates of its avoided cost indicative pricing, highlighting any changes made to the Proxy and GRID models that are used to calculate Schedule 38 avoided costs. The parties to the proceeding in Docket No. 14-035-140, stipulated and the Commission approved that the Company classify new and updated assumptions as either "Routine Updates" or "Non-Routine Updates." In addition, it has been stipulated that "...parties will file a notice with the Commission within three weeks after the Company files its quarterly compliance filing, to identify which specific assumptions, if any, they intend to contest."

In compliance with these Commission Orders, the Company filed with the Commission its quarterly report for the 2017.Q2 on October 2, 2017. The Division reviewed and checked the accuracy and reasonableness of the calculations in the Company's filing. The Division notes that the non-routine updates proposed in the Company's 2017.Q1 filing are not included in the avoided cost pricing. These updates were challenged by some parties and are awaiting resolution by the Commission. The Division concludes that the Company properly documented the input changes to the avoided cost calculations.

The Company updated several inputs and assumptions to its model since the 2017.Q1 update filing. These updates are all categorized as routine updates. There are no non-routine updates identified in this filing. Based on our review and understanding, we conclude that the updates were properly documented, appear reasonable and were correctly incorporated into the avoided cost calculations. Therefore, the Division recommends that the Commission take no action.

## **CONCLUSION**

Overall, the input changes made by the Company between this compliance filing and the 2017.Q1 filing increases avoided cost pricing on a 15-year nominal levelized basis by approximately \$0.30/MWh. This increase represents the cumulative impact of all the changes

made by the Company. The incremental impact of each change from the prior step will depend on the order in which the changes are introduced into the model.

Based upon its review, the Division believes that the updates of the avoided cost calculations are reasonable and the avoided cost prices are calculated according to the Commission approved methods. Therefore, the Division recommends that the Commission take no further action on the Company's filing.

CC: Jana Saba, RMP  
Michele Beck, OCS