



State of Utah  
Department of Commerce  
Division of Public Utilities

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## 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: March 14, 2018

Re: Docket No. 17-035-37 (03-035-14) – Rocky Mountain Power’s Quarterly Compliance Filing – 2017.Q4. Avoided Cost Input Changes

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### RECOMMENDATION (Approve Tariff Sheets)

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.Q4 avoided cost input changes other than to approve the Company’s proposed changes to Schedule 38 Tariff Sheets.

### ISSUE

On February 22, 2018, the Company filed its Quarterly Compliance Filing – 2017.Q4 and updated Tariff Sheets. This filing reports changes since the Company’s 2017.Q3 Quarterly Compliance Filing dated December 21, 2017 and the revisions the Company made to the Tariff Sheets. On February 22, 2018, the Commission issued an Action Request to the Division requesting the Division to review the application for compliance and make recommendations.

The Commission asked the Division to report back by March 14, 2018. 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."

Furthermore, in its January 23, 2018 Order in Docket Nos. 17-035-T07 and 17-035-37, the Commission directed the Company to file updated Electric Service Schedule Nos. 37 and 38 consistent with this Order, within 30 days.

In compliance with these Commission Orders, the Company filed with the Commission its quarterly report for the 2017.Q4 and updated Tariff Sheets on February 22, 2018. The Division reviewed and checked the accuracy and reasonableness of the calculations in the Company's filing. The Division believes that the Company properly documented the input changes to the avoided cost calculations. The Division also reviewed the Company's updated Tariff Sheets and determined that they properly reflect the Commission's January 23, 2018 Order in Docket Nos. 17-035-T07 and 17-035-37.

The Company updated several inputs and assumptions to its model since the 2017.Q3 update filing. These updates are all categorized as routine updates except one, Trapped Energy Value, which is categorized as non-routine. This change made the trapped energy value consistent with the Commission's December 22, 2017 Order in Docket No. 17-035-36, which stated that Company is not obligated to assume QF power it cannot use will be sold in a secondary market.

Therefore, based on our review and understanding, we conclude that the updates appear reasonable and are correctly incorporated into the avoided cost calculations.

## **CONCLUSION**

Overall, the input changes made by the Company between this compliance filing and the 2017.Q3 filing **decreases avoided cost** pricing on a 15-year nominal levelized basis by approximately \$(4.93)/MWh. This decrease 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. In addition, the revised Tariff Sheets are consistent with Commission Orders. Therefore, the Division recommends that the Commission take no further action on the Company's filing other than to approve the proposed tariff sheets.

CC: Jana Saba, RMP  
Michele Beck, OCS