State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

RESPONSE COMMENTS

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
David Thomson, Technical Consultant
Bob Davis, Utility Analyst

Date: October 1, 2018

Re: **Review for Compliance and Recommendation, Docket No. 17-035-40, –** Rocky Mountain Power's Compliance Filing to Present its Proposed Reporting Requirements. Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision.

RESPONSE COMMENTS AND RECOMMENDATION (Acknowledge with Recommendation)

The Division of Public Utilities ("Division") has reviewed Rocky Mountain Power's ("RMP" or "Company") proposed reporting requirements relating to its approved new wind and transmission projects. The filing was made August 31, 2018 pursuant to the requirements of the Public Service Commission of Utah's ("PSC" or "Commission") June 22, 2018 Order in Docket No. 17-035-40. The Division recommends the Commission acknowledge RMP's proposed reporting requirements with the recommendations discussed herein and as outlined in the conclusion section of this response.

ISSUE

On August 31, 2018, RMP filed with the PSC its compliance filing to present its proposed reporting requirements pursuant to the requirements of the PSC's June 22, 2018 Order in Docket No. 17-035-40. On the same day, the Commission issued an Action Request to the Division to review the Report for compliance and make recommendations by October 1, 2018. On

September 4, 2018, the Commission gave Notice of Filing and Comment Period to interested parties for comments and reply comments due on or before Monday, October 1, 2018, and Monday, October 15, 2018, respectively. These are the Division's comments.

BACKGROUND

Section 3.e. in the Commission's Order in Docket No. 17-035-40 dated June 22, 2018, imposed reporting requirements on the Company for the combined wind and transmission projects. The Commission concluded that a mechanism should exist to provide transparency and ensure information is as complete as possible should controversy later arise with respect to the combined projects' costs.[1]

As a condition of the Commission's approval, the Commission required PacifiCorp to report the following information: (i) final project costs for each specific project comprising the Wind Projects and the Transmission Projects; (ii) realized Production Tax Credits ("PTC") benefits from the Combined Projects; (iii) realized energy benefits from the Combined Projects; (iv) transmission cost of the Transmission Projects that are actually offset by revenues derived from wholesale transmission customers; (v) payments for any damages, including liquidated damages, paid to PacifiCorp related to the Combined Projects; (vi) contribution to the 230 kV Network Upgrades' total cost from interconnection customers; (vii) annual revenue requirements associated with the Aeolus to Bridger/Anticline Line and the incremental transmission revenue resulting from the construction of the line; (viii) wind operations and maintenance costs associated with the Wind Projects that PacifiCorp owns; (ix) realized value of RECs sold associated with the generation from the Wind Projects; and (x) other information PacifiCorp deems necessary or appropriate. The Commission also directed PacifiCorp to file on or before September 1, 2018 specific recommendations for fulfilling the requirement, including the start date, frequency, duration and level of granularity for the reporting and to include recommendations as to the confidentiality of such reporting.[2]

[1] Commission Order Dated June 22, 2018, Docket No. 17-035-40; page 35, Section 3.e. first sentence.
[2] Commission Order Dated June 22, 2018, Docket No. 17-035-40; page 35 last paragraph continuing on to page 36.

DISCUSSION

In its filing, the Company provided Table 1 summarizing the proposed reporting requirements, with the proposed level of granularity shown in Attachment A to the filing. Below is Table 1 as filed by the Company.

Table 1
Proposed Reporting Requirements of the Combine Projects (Docket No. 17-035-40)

Required Information	Start Date	Frequency	Duration	Confidentiality
(i) final project costs for each specific project	12 ME CY 2020, due 4/30/2021	annually	3 years	First Report - Conf All subsequent reports - non-Conf
(ii) realized PTC benefits	12 ME CY 2020, due 4/30/2021	annually	3 years	Non-confidential
(iii) realized energy benefits	12 ME CY 2020, due 4/30/2021	annually	3 years	Non-confidential
(iv) transmission costs of the Transmission Projects that are actually offset by revenues derived from wholesale transmission customers	12 ME CY 2020, due 4/30/2022	annually	2 years	Non-confidential
(v) payments for any damages, including liquidated damages	Included in annual reports, as applicable	annually	3 years	Confidential
(vi) contribution to the 230 kV Network Upgrades' total cost from interconnection customers	12 ME CY 2020, due 4/30/2022	annually	2 years	Non-confidential
(vii) annual revenue requirement associated with the Aeolus to Bridger/Anticline Line and the incremental transmission revenue resulting from the construction of the line	12 ME CY 2020, due 4/30/2022	annually	2 years	Non-confidential
(viii) wind operations and maintenance costs associated with the Wind Projects that PacifiCorp owns	12 ME CY 2020, due 4/30/2021	annually	3 years	Non-confidential
(ix) realized value of RECs sold	12 ME CY 2020, due 4/30/2021	annually	3 years	Confidential

This table fulfills the PSC's requirements to show start date, frequency, duration, and confidentiality for the required information (i) through (ix) mentioned above. The filing did not respond to requirement (x), other information deemed necessary or appropriate. The Division found Table 1 along with Attachment A most helpful in the Division's review of the filing.

After the table on pages two, three, and four of the filing the Company provided information and explanations to inform and clarify its reporting recommendations for start date, frequency and duration of reports, level of granularity, and confidentiality.

The Company recommends the reports be filed annually beginning calendar year 2020, with a filing date of the last day of the fourth month of the following year. The Company is proposing that three of the reports ((iv), (vi), and (vii)) have a filing date of the fourth month of the second year after the calendar year filing. Based on the Company's explanation provided with the filing, the Division concurs with the Company's recommendation to delay the three filings for a year to provide more meaningful information.

As to granularity, for the majority of the required information, the Company recommends reporting the information on a project level basis. The Company provided Attachment A to the filing to illustrate the level of granularity proposed, including detail and format. The Company proposes to use Attachment A as a template to prepare the reports.

The Division has incorporated its recommendations for reporting on the wind and transmission projects to the Company's Attachment A and presented it in Attachment I to this memorandum.

In its filing, under the heading Frequency and Duration of Reports, the Company recommends the reports be filed annually for a total of three years beginning in 2021. The exception to this would be reporting requirements (iv), (vi) and (vii) filed annually beginning in 2022. It appears from Table I that these reports will not have the third year filing for the 12 months ended CY December 2022. The Company does not explain in its filing why these reporting requirements should cease before the others.

To provide duration comparability between all reports, the Division recommends that for all reports that the duration be the same as that shown in the Company's Attachment A (iii) Energy Benefits Report. This report covers a partial year 2020 (shows two months) and three years 2021 to 2023. The Company's Energy Benefits Report (iii) appears to cover the possibility that in 2020 projects could be energized in November or December. For each year end reported, the Division recommends that if the year's amounts reported are less than 12 months, the report heading indicate the number of months reported. Once completed, each year's amounts and information reported would remain on the report until all four years are completed and filed. The Division recommends that all four years be reported even if the final report for items (iv), (vi), and (vii) is filed a year later than all the other reports.

The reports should have the same duration and start year which would enhance comparability of the reports. At this time, subject to change if so determined, the Division believes this duration for reporting to be adequate. At the end of the four years, all reports would be fully completed and of equal duration. In the future, if one looked back to the completed filing they would see that the reporting for all requirements had a full and equally complete record.

The Report for requirement (i) – Final Project costs shows that it will be comparable to information provided in confidential exhibits and testimony as indicated in the report template from Docket No. 17-035-40. The references seem to indicate reporting of costs on a total basis.

The Division recommends that the budget costs of the projects be provided along with their completion date and when they became used and useful, if different than completion date. The reader of the Report can then determine if the projects came in on or under budget and on time and when they started to generate revenue and costs.

Also for requirement (i), the Division recommends that the Company's Report separate the total cost into component costs that when added together equal the total project costs. This separation should include an AFUDC component and contingency spending component. The Division recommends that the component costs should have budgets, budget variances, completion dates, and used and useful dates for comparison purposes.

The Company notes in the filing that the projects are scheduled to be completed by the end of calendar year 2020. In Table 1 it shows reporting project costs for three years (as stated above the Division is recommending four years). Per the Company, three years are included even though costs are completed at the end of 2020 because it may be possible that some true ups could occur in final transfer and close out of the projects. If true ups take place after 2020, we recommend that they be added to the prior year's reported balances on a component basis and that the new component balance or amount per project agrees to the Company's accounting records for the annual period shown.

For the Production Tax Credit Report (ii), the Division recommends adding columns to the Report for the total number of generators per project, the projected tax credit per project and the variance per project between the actual credits generated and projected.

For the Energy Benefits Report (iii), the Division is recommending that in columns (d), (h), and (i) that (Loss) be added to the heading. The Division is assuming that it is possible for Wind Plant Generation MWh to be less than Base Wind Plant Generation MWh, which would be an incremental generation loss or negative amount. The heading change would so indicate when applicable.

The Division recommends adding a date paid column and detailed explanation box to the Liquidated Damages Report (v). Besides the information already in the Company Report, the report should have a detailed explanation so one could more fully understand the damages. The Company's Report has provided the where (resource) of the liquidated damages in its proposed report but not date paid. Knowing when the date damages were paid is pertinent. After the date paid is added, the who, what, and why of the liquidated damages, plus any other pertinent information in the explanation box, would add more transparency to this reporting requirement.

The reporting of contribution to the 230kV upgrades' total costs from interconnection customers report (vi) shows total cost per each cost category. The Division recommends the total be broken down into individual customers that make up the total per category. The Division believes this would make this reporting requirement more informative.

The Division recommends that the total Wind O&M costs per resource Report (viii) have the O&M costs broken out by Scheduled Maintenance, Unscheduled Maintenance and Operations. This breakout of O&M Expenses would make this reporting requirement more informative.

For the REC revenue from Wind Projects Report (ix) the division recommends adding two new boxes to the report. The new boxes can be found in the Attachment I to this memorandum. The additional information is what is provided to the Division through discovery by the Company when it does it annual review of REC activity.

In the Company's reports, all numbers provided are on a total company basis, except report (vii). Report (vii) has worksheet columns used to compute Utah allocated amounts. When possible the other reports should provide Utah allocated amounts. Since the reporting requirements are going to be used by Utah regulators and other Utah parties, the impact of the projects on the Utah jurisdiction would be worthwhile and informative.

CONCLUSION

The Division would like to note, as with any proposed reporting to meet a specific set of requirements, much can be learned and reporting successes or failures can be evaluated after the first filing results have been submitted. Even though the proposed reporting requirements may be a big step toward providing the requested information, changes to subsequent filings may improve or correct this initial filing as warranted.

Subject to the above recommended explanations and changes to the report, the Division recommends the Commission acknowledge the filing. The recommendations outlined below are also provided in detail in the Division's Attachment I to this memorandum.

- The duration of all reports be four years ending 2020 to 2023. Headings on all reports indicating number of months reporting if less than 12 months.
- Final Project Costs (i): Add final budget numbers, budget variances, date of completion, and used and useful date of each project and amount or time variances.
- Final Project Costs (i): Separate the total project cost for each project into its components. Components to have total costs, budgets, budget variances, dates completed, and used and useful dates also provided.
- Final Project Costs (i): If successive years have true up amounts for total project cost, such cost will be added to prior reported balances and the new total at year end should agree with yearend accounting records. This would apply to the component breakout of costs as recommended by the Division.
- Production Tax Credit (ii): For each project add columns showing the total number of generators for each project, the projected tax credit for each project and the variance between actual and projected tax credits for each project.
- Energy Benefit Report (iii): Add (Loss) to applicable headings.
- Liquidated Damages Report (v): Add a date paid column and detailed explanation box or section.

- Network Upgrades (vi): Provide each individual interconnection customer's costs per cost category that make up the total cost per category.
- Wind O&V Costs (viii): For PacifiCorp Owned Projects, report break out each wind resource's total O&M costs for Schedule Maintenance, Unscheduled Maintenance and Operations.
- RECs Report (ix): Add additional information to the REC Report as shown in the Division's Attachment I.
- Provide Utah jurisdictional allocation amounts to all reporting requirements/reports.

cc: Joelle Steward, RMP
Jana Saba, RMP
Michele Beck, OCS
Service List