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State of Utah  
DEPARTMENT OF COMMERCE  
Office of Consumer Services

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To: Public Service Commission of Utah

From: Office of Consumer Services  
Michele Beck, Director  
Cheryl Murray, Utility Analyst

Date: October 1, 2018

Subject: Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision – Docket 17-035-40. Office of Consumer Services Comments.

### Background

On June 30, 2017, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) an Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision. The Company sought to construct or procure new wind resources and facilities associated with the Company's Energy Gateway West transmission project. A hearing on the matter was held May 29 through June 1, 2018.

On June 22, 2018, the Commission issued an order approving the Company's request for approval of a significant energy resource decision and its request for approval of an energy resource decision. At page 39 of the Order the Commission required that "[O]n or before September 1, 2018, PacifiCorp shall file proposed reporting requirements as discussed *supra* at page 35-36." On August 31, 2018 the Company filed a compliance filing presenting its proposed reporting requirements.

On September 4, 2018, the Commission issued a Notice of Filing and Comment Period, providing that any party may submit comments on the proposed reporting system on or before October 1, 2018 and reply comments on or before October 15, 2018. Pursuant to that schedule the Office of Consumer Services (Office) submits the following comments.

### Discussion

In its order approving the Company's request in Docket No. 17-035-40 the Commission imposed reporting requirements with respect to the combined projects. At pages 35 and 36 of

the June 22, 2018 order the Commission stated “[A]s a condition of our approval, we conclude requiring PacifiCorp to report the following information is appropriate: (i) final project costs for each specific project that comprises the Wind Projects and the Transmission Projects; (ii) realized PTC benefits from the Combined Projects; (iii) realized energy benefits from the Combined Projects; (iv) transmission costs 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 customer; (vii) annual revenue requirement 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.”

**Company’s Proposed Reporting Requirements**

In its compliance filing of August 31, 2018, the Company identifies the items from the Commission’s order on which it is required to report and summarizes its proposed reporting system in Table 1.

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

Additionally, the Company includes Attachment A to show the granularity it proposes for the information that will be provided.

## **Office Response to Proposed Reporting System (Table 1)**

### *Office General Comments*

The Office acknowledges that Table 1 includes the nine specific reporting requirements from the Commission's order. The Office concurs with the Company's proposal to provide the report annually on April 30, and we further concur with the Company's proposed identification of confidential and non-confidential information.

### *Start Date*

Generally, the Company proposes two Start Dates, 4/30/2021 for Required Information related to the wind projects (ii), (iii), (viii) and (ix), and 4/30/22 for the transmission related projects (iv), (vi) and (vii). The final project costs for each specific project ((i)) is inclusive of both categories with a Start Date of 4/30/2021.

The Company explains its reasoning for a later Start Date for transmission related items because "meaningful information would not be available until the projects are placed into service, energized, and FERC formula rates are updated using actual data. Each May 15, as part of the annual update of PacifiCorp's FERC-approved transmission formula rate, PacifiCorp calculates a true-up rate for the prior calendar year and a projected rate for June of the current year through May of the following year that includes a limited forecast of transmission capital. PacifiCorp proposes to begin its reporting using actual data used in the calculation of true-up rates after the projects approved in this docket are in service and energized. Thus, PacifiCorp's first report including these items would be in April 2022, incorporating data from the 2021 true-up rate calculated in May 2021." [Compliance filing page 3]

Based on the Company's representations, the Office agrees that more meaningful information will be provided under the Company's proposed schedule (4/30/2022) than if an earlier reporting deadline is imposed.

The Office believes it is not unreasonable to allow four months for the Company to compile the necessary data and create the required report. Therefore, we have no objection to the proposed 4/30/2021 and 4/30/2022 (and then annually on April 30) report due dates for these projects. However, we note that not all wind projects will be operational until late 2020, thus the first report will not provide a robust account of what is to be expected of the projects.

### *Payment for Damages*

The Company proposes to report payment for any damages, including liquidated damages annually, as applicable. The Office is uncertain as to the Company's intent but to avoid any possible confusion in the report the Office asserts that this item should be included in each annual report with the notation N/A or none if there is nothing to be reported in a given year. The Company should not just eliminate any reference to the category when there is no payment for a particular year.

### *Duration*

As noted above the Company proposes to provide annual reports for three years for final project costs and for wind related categories of Required Information and two years for the categories related to transmission. The Office notes that for the categories where the Company proposes to provide reports for three years based on the first reporting date of 4/30/2021, with few exceptions, there will not be three full years of data as the resources will only be in service for a portion of 2020. Thus, based on Table 1 it appears that the Company proposes to report only two **full** years of the Required Information.<sup>1</sup> However, Attachment A, Energy Benefit charts includes spaces for three years of data plus two months of 2020. Whatever the case, the Office asserts that a considerably longer reporting period should be required for all Required Information.

The Company's analysis of benefits was developed using time frames through 2036 and through 2050, much longer than the two and three years for proposed reporting. Production Tax Credits (PTCs) were a major component in the Company's determination of the value of these resources to customers. The Company also touted the energy benefits to be achieved over the life of these new resources and although renewable energy credits (RECs) were not included in the Company's benefit analysis it was asserted that there would be additional value obtained from the incremental RECs generated by the new resources.

The Company's proposal to provide annual reports for two and three years is inadequate. The Office strongly recommends that the Commission require that the Company submit annual reports for a full ten years, matching the duration of the Company's eligibility to receive PTCs. If at some point during those ten years the Company or any party can demonstrate that the reports are no longer necessary or beneficial they can petition the Commission to eliminate the requirement.

We recognize that the "final project costs for each specific project" will be known well before ten years. As such, the Office suggests that the Company can include the final information in each report with a notation of the year the information was finalized or remove that information in reports following the final accounting.

### **Attachment A**

While Table 1 provides the Company's proposed reporting system for Required Information Attachment A provides the form and granularity in which the information will be presented. Where appropriate, information will be provided for individual resources/projects e.g. final project costs, PTC benefits, energy benefits (NPC), wind O&M costs for PacifiCorp owned projects, and REC revenue for wind projects. The Company also includes pages for Annual

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<sup>1</sup> At page 3 of the Compliance Filing the Company "recommends reports be filed annually for a total of three years". Those three years are identified as April 30, 2021, 2022 and 2023. The Company states that after three years it could be determined if additional reports are needed.

Revenue Requirement – Aeolus to Bridger/Anticline Line and Incremental Transmission Revenue.

The Office recommends that the Company provide Attachment A with intact formulae when it makes its annual filings.

### **Office Recommendations**

Based on the foregoing information the Office recommends that the Commission require the Company to submit the required report annually for ten years to cover the entire time period during which PTCs will be applicable, rather than the short 2 – 3 years recommended by the Company. The Office further recommends that:

1. each report include information about any payments for damages even when none is incurred; and
2. Attachment A be provided with intact formulae.

CC. PacifiCorp  
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