



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

Chris Parker, Director

Artie Powell, Energy Section Manager

Jeff Einfeldt, Utility Analyst

Lane Mecham, Utility Analyst

Date: December 11, 2017

Re: **RMP application for extension of power purchase agreement with Tesoro Refining and Marketing Company.**

Docket No. 17-035-63

RECOMMENDATION (APPROVE)

The Division of Public Utilities (“Division”) recommends the Public Service Commission (“Commission”) approve Rocky Mountain Power’s (“Company”) proposed extension of the existing power purchase agreement (“PPA”) with Tesoro Refining and Marketing Company (“Tesoro”).

ISSUE

On December 7, 2017, the Company filed a request, “for approval of a two month extension of the current Power Purchase Agreement between PacifiCorp and Tesoro Refining and Marketing Company, which expires December 31, 2017, while the new agreement executed is reviewed in Docket No. 17-035-60.”

DISCUSSION

Currently, the Company and Tesoro have a PPA, which is set to expire December 31, 2017. The company filed a request for approval of a new agreement on November 29, 2017 in Docket 17-035-60 with an effective date of January 1, 2018. The Division objected that this did not provide enough time to adequately review the new proposed PPA by the desired date of December 31, 2017.

In previous years, the Division requested the Company provide at least 75 days to review a PPA. The Division met with the Company on December 6, 2017, prior to the scheduling conference held in Docket # 17-035-60, whereby the Division and the Company agreed to extend the hearing date for the new PPA to February 13, 2017.

The Company also agreed to true up the accounting for the extension period to preserve the PPA's more recently calculated rates, if the PPA is approved.

CONCLUSION

The Division has reviewed the Company's filing and recommends the Commission approve the extension of the existing PPA with Tesoro. We also recommend the difference between the existing PPA and the new PPA, currently under review in Docket 17-035-60, be trued up at the end of the extension period and the savings passed on to rate payers through the EBA, if the PPA is approved.

CC Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List