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# State of Utah Department of Commerce Division of Public Utilities

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## **ACTION REQUEST RESPONSE**

**To:** Public Service Commission

**From:** Division of Public Utilities  
Chris Parker, Director  
Energy Section  
Artie Powell, Manager  
Abdinasir M. Abdulle, Utility Analyst  
Charles Peterson, Technical Consultant

**Date:** June 23, 2017

**Re:** 17-035-T07, Schedule 37 Avoided Cost Purchases from QFs

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### **RECOMMENDATION (Acknowledge)**

The Division of Public Utilities (“Division”) has reviewed Rocky Mountain Power’s (“Company”) proposed update to Schedule 37 for qualifying facilities that was filed with the Public Service Commission (“Commission”) on June 13, 2017. The Division recommends that the Commission acknowledge the Company’s filing as in compliance with the Commission Orders in Docket Nos. 08-035-78 and 12-035-T10.

### **ISSUE**

On May 30, 2017, in compliance with previous Commission Orders, the Company made its annual filing of Schedule 37 for purchases from small qualifying facilities. On May 31, 2017, the Commission issued an Action Request to the Division requesting an investigation and to report back by June 14, 2017. In a Scheduling Conference held on June 8, 2017, the parties agreed to bifurcate the Company’s filing into two phases. Phase I addresses the updating of Schedule No. 37 pricing tariff sheets using the current method and Phase II will address

proposed changes to the Schedule No. 37 method. On June 13, 2017, in accordance with the Scheduling Order, dated June 12, 2017, in this Docket, the Company filed updated Schedule No. 37 pricing tariff sheets using the current method. According to this Scheduling Order, comments are due to the Commission by June 26, 2017. This memorandum represents the Division's comments on the Company's Phase I filing.

## **DISCUSSION**

In its Order, dated February 12, 2009, in Docket No. 08-035-78, the Commission directed the company to annually update the avoided cost pricing in Schedule 37 in order to establish the value or credit for net excess generation of large commercial customers under Schedule 135 Net Metering Service. In its Order, dated November 28, 2012, in Docket No. 12-035-T10, the Commission directed the Company to file future annual filings within 30 days of filing the Company's Integrated Resource Plan ("IRP") or by April 30 of each year, whichever comes first. On April 25, 2017, the Company requested the Commission to extend the filing date for 30 days and the Commission granted the request. In compliance with these Orders, the Company filed its updated avoided cost pricing for Schedule 37 on May 30, 2017. On June 12, 2017, a scheduling conference was held in which the parties agreed to bifurcate the Company's filing into two phases. Phase I addresses the updating of Schedule No. 37 pricing tariff sheets using the current method, while Phase II will address the proposed changes to the Schedule No. 37 method. For Phase I, the Scheduling Order, issued on June 12, 2017, required the Company to file updated Schedule No. 37 pricing tariff sheets using the current methodology. In compliance with this Order, on June 13, 2017, the Company filed its updated Schedule No. 37 pricing tariff sheets using the current method.

The Company's filing includes updates to:

- **Discount Rate:** According to the Company, the Company applied its routinely updated "official discount rate." In this filing the Company used a discount rate of 6.57 percent, which is the Company's 2017 IRP discount rate.

- ***Official Forward Price Curve:*** The Company has updated the forward price curve for natural gas and electricity to reflect the Company’s official forward price curves dated March 31, 2017.
- ***Inflation Rates:*** The Company has updated inflation rates to reflect Company’s official inflation rates dated March 31, 2017.
- ***Wind and Solar Capacity Contribution and Integration Costs:*** The Company has updated the wind and solar capacity contribution and integration costs to those used in the Company’s 2017 IRP.

The Division reviewed this filing in light of the relevant Commission Orders. The Division concludes that the Company made its filing in compliance with the Commission Orders. The Division also concludes the filing and the updates to the inputs are consistent with the Company’s 2017 IRP and the avoided cost calculations are made consistent with the approved method. Therefore, the Division recommends that the Commission approve the updates to Schedule 37.

CC: Bob Lively, RMP  
Michele Beck, OCS