



*Yvonne R. Hogle
Assistant General Counsel
1407 West North Temple, Suite 320
Salt Lake City, UT 84116
801.220.4050
801.220.3299 Fax*

July 16, 2019

VIA ELECTRONIC FILING

Public Service Commission of Utah
Heber M. Wells Building, Fourth Floor
160 East 300 South
Salt Lake City, Utah 84114

Attn: Gary Widerburg
Commission Administrator

RE: Docket No. 19-035-02 - PacifiCorp's 2019 Integrated Resource Plan

Dear Mr. Widerburg:

On January 28, 2019, Rocky Mountain Power filed a request with the Public Service Commission of Utah (the "Commission") seeking to extend the April 1, 2019 filing date for the Company's 2019 Integrated Resource Plan ("IRP"). The Company identified potential reliability challenges that had to be resolved before the Company's coal studies could be completed. In its request, the Company indicated that it needed additional time to work through the identified challenges. On January 29, 2019, the Commission issued a notice and request for comments, and the Division of Public Utilities, the Office of Consumer Services, Western Resource Advocates, and Interwest Energy Alliance filed comments in support of an extension to ensure a careful and thorough economic analysis. The Commission subsequently granted the extension on March 12, 2019.

While the Company continues to actively and diligently work on its 2019 IRP through a robust and transparent public input process with stakeholders that began as early as June 2018 with state-specific meetings followed by all-state public input meetings starting in July 2018, it is unable to file its 2019 IRP in August 2019 as intended due to a modeling issue that was recently discovered by the IRP modeling team, as set forth below.

2019 IRP Modeling Issue

In the Company's on-going efforts to review and validate model results, the IRP modeling team discovered that coal-cost assumptions for the Jim Bridger units, which drive variable fuel costs, included forward-looking fixed-cost assumptions required to fund mine reclamation. While costs to fund mine reclamation are included in fuel costs as an element of net power costs in rates,

combining these mine-reclamation funding costs in the Jim Bridger coal cost can influence modeled dispatch of the Jim Bridger units. By including a fixed cost (mine-reclamation funding) as a variable cost model input (coal costs), the System Optimizer (“SO”) and Planning and Risk (“PaR”) models can avoid the funding cost for mine reclamation by reducing dispatch of the Jim Bridger units even though these costs are realistically unavoidable.

Historically, the dispatch cost of the Jim Bridger units has been low enough relative to market prices that the coal-cost adder intended to capture the costs to fund mine reclamation has not significantly altered generation levels and, consequently, has not led to a potential understatement of costs to fund mine reclamation. However, base case assumptions adopted in the 2019 IRP for natural gas prices and power prices are relatively low, and the Company confirmed that the Jim Bridger units are reducing dispatch in a manner that understate the cost to fund mine reclamation. Considering that early retirement assumptions for Jim Bridger units vary among cases, mine closure and associated mine reclamation funding assumptions vary by case as well. Consequently, the impact of this issue will vary from one case to the next, which could affect the comparative analysis of the costs and risks of each portfolio that is used to select the preferred portfolio.

Plan to Remedy the Modeling Issue

The Company will remedy this modeling issue by changing how it applies mine-reclamation costs in the SO and PaR models by removing the costs to fund mine reclamation from Jim Bridger coal costs while concurrently adding these costs as a fixed cost that will be constant for a given case regardless of unit dispatch. Because this remedy will affect Jim Bridger dispatch, it cannot be accurately calculated as an out-of-model adjustment because a change in dispatch can influence the dispatch and associated operating costs at other generating facilities, market purchases and market sales. Most, if not all, cases will need to be re-run through both modeling tools.

2019 IRP Filing Extension

The Company has spent the last couple of months developing modeling analysis for over 50 different portfolios. For any given market price and carbon dioxide (“CO₂”) price scenario, the development of system cost and risk metrics requires two SO model runs, three one-year deterministic PaR model runs, and one 20-year stochastic PaR model run. Over the past few months, the Company has been able to complete approximately 10 to 12 cases per week. Considering the need to re-run at least 50 cases, complete sensitivities, allow time for rescheduled public-input meetings, and draft the 2019 IRP document, Rocky Mountain Power is requesting an additional extension, to file the 2019 IRP by October 18, 2019. In the interim, the Company proposes to host additional public-input meetings on September 5-6, 2019, to provide stakeholders an update on modeling progress and results completed at that time and on October 3-4, 2019, to present final modeling results, a draft preferred portfolio, and a draft action plan.

In the process of re-running and finalizing the modeling analysis for the 2019 IRP, the Company will also incorporate updates consistent with feedback and discussion during the June 2019 public-input meeting. Specifically, the model runs will be updated to enable selection of Energy Gateway

South in January 2024 (as a proxy for year-end 2023) with a consistent set of assumptions for cost, interconnection capability, and transfer capability across all cases. The updated model runs will also be configured to enable selection of solar resources in northern Utah.

Request to Commission

To enable the Company to re-run and finalize its analysis for the 2019 IRP, Rocky Mountain Power respectfully requests an extension of the filing of its 2019 IRP from August 1, 2019 to no later than October 18, 2019. The Company communicated its intent to seek this extension to stakeholders on July 15, 2019. The extension will enable the Company to complete its analysis with accurate information. The Company will continue its robust and transparent stakeholder input process by holding two additional public input meetings on September 5-6, 2019 and October 3-4, 2019.

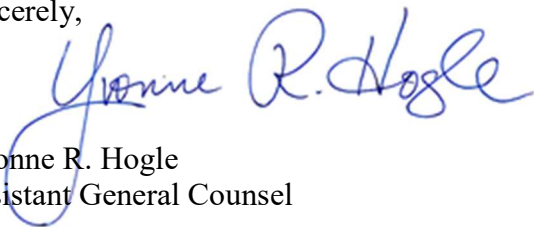
It is respectfully requested that all formal correspondence and requests regarding this filing be addressed to the following:

By E-mail: datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries concerning this filing should be directed to Shay LaBray, Director of Resource Planning at (503) 813-6176 or Jana Saba, Utah Regulatory Affairs Manager at (801) 220-2823.

Sincerely,



Yvonne R. Hogle
Assistant General Counsel

cc: Service List Docket No. 19-035-02

CERTIFICATE OF SERVICE

Docket No. 19-035-02

I hereby certify that on July 16, 2019, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Cheryl Murray cmurray@utah.gov

Michele Beck mbeck@utah.gov

Division of Public Utilities

dpudatarequest@utah.gov

Assistant Attorney General

Patricia Schmid pschmid@agutah.gov

Justin Jetter jjetter@agutah.gov

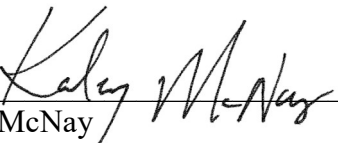
Robert Moore rmoore@agutah.gov

Steven Snarr stevensnarr@agutah.gov

Rocky Mountain Power

Data Request Response Center datarequest@pacificorp.com

Jana Saba jana.saba@pacificorp.com;
utahdockets@pacificorp.com



Kaley McNay
Senior Coordinator, Regulatory Operations