

## MEMORANDUM

TO: Stephen Mecham, Chairman  
Public Service Commission

FROM: Ric Campbell, Director  
Lowell Alt, Manager, Energy Section  
Rebecca Wilson, Technical Consultant

DATE: December 21, 2000

RE: Docket No. 99-035-10 *PD Mac and Alternative Net Power Cost Normalization Evaluation Workgroup Report*

### **ISSUE AND PROCEDURAL HISTORY:**

In its May 24, 2000 order in the PacifiCorp 1999 General Rate Case, the Utah Public Service Commission stated on page 43,

We desire the Division and interested parties to undertake an evaluation of alternative approaches to the normalization of net power costs.

The Commission also stated beginning on page 42,

The Committee and other intervenors do not have ready access to MacIntosh equipment, and this reduces their ability to continually evaluate the logic of the model and its assumptions. The issue of net power costs was one of the least understood in this Docket... Therefore, we order that a Microsoft Excel version of PD/Mac be made available to the Division, the Committee, and any intervenor who requests it. This must be accomplished well before the next general rate case occurs.

In its order on reconsideration issued October 6, 2000, the Commission stated on page 4,

In its Petition for Reconsideration, the Company makes the reasonable point that filing a new format for a model that may be replaced puts the cart before the horse... On reconsideration, we conclude that the alteration of model format should await the conclusions of the net power cost evaluation. Should PacifiCorp file a rate case before this is complete, a reformatted production dispatch model (PD/Mac), or an alternative to that model, must be in its Application.

### **REPORT OF THE WORKGROUP:**

On December 8, 2000, interested parties convened to discuss the evaluation of alternative approaches to the normalization of net power costs. Representatives from PacifiCorp, the Committee of Consumer Services, Industrial customers, (Gary Dodge and Robert Reeder), the Public Service Commission staff and the Division of Public Utilities attended. Because PacifiCorp will soon file a rate case using an alternative approach to PD-Mac to normalize its power costs, all parties concluded that it would be a better use of time and resources to evaluate PacifiCorp's new approach in the context of the rate case. PacifiCorp agreed to conduct a technical conference on the new approach once it is complete.

Therefore, the evaluation of alternative approaches to the normalization of net power costs will be conducted and presented in the next rate case and this workgroup will adjourn pending further notice.