

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Miscellaneous)
Correspondence and Reports Regarding) DOCKET NO. 12-999-01
Electric Utility Services; 2012)
) REPORT AND ORDER
) On PacifiCorp's 2012 Fossil Fuel Heat Rate
) Improvement Plan
)

ISSUED: July 16, 2012

SYNOPSIS

The Commission provides guidance on PacifiCorp's 2012 Fossil Fuel Heat Rate Improvement Plan.

By The Commission:

PROCEDURAL HISTORY AND BACKGROUND

On May 1, 2012, in accordance with prior Commission orders in Docket No. 06-999-03,¹ PacifiCorp ("Company"), doing business as Rocky Mountain Power, filed its 2012 Fossil Fuel Heat Rate Improvement Plan ("2012 Plan"). On May 8, 2012, the Commission issued an Action Request to the Division of Public Utilities ("Division") for review of the document. On June 12, 2012, the Division filed its response to the Commission's Action Request. The Division concludes the 2012 Plan meets the intent of the Commission's direction

¹ Docket No. 06-999-03, "In the Matter of Consideration of the Amendment of 16 U.S.C. Section 2621 - Consideration and Determination Respecting Certain Ratemaking Standards for Electric Utilities by the Energy Policy Act of 2005." See August 10, 2007, Determination Concerning the PURPA Fossil Fuel Generation Efficiency Standard and the November 30, 2010, Order Modifying Filing Schedule for Rocky Mountain Power's Fossil Fuel Generation Efficiency Annual Plan.

but identifies several areas of concern with the 2012 Plan. The Division recommends the Commission direct the Company to address its concerns and resubmit a corrected 2012 Plan.

The format of the 2012 Plan is a modification of the previously submitted Fossil Fuel Efficiency Plan reports filed in 2009, 2010, and 2011, which included a heat rate improvements plan for each coal fired unit. The 2012 Plan, developed in consultation with several stakeholders, describes the overall heat rate objectives to minimize heat rate losses at the Company's operating plants through design changes, improved unit availability, heat rate effects, additional training, and the addition of new generation resources. The 2012 Plan is intended to provide more useful information focused on key heat rate improvement initiatives.

SUMMARY OF THE DIVISION'S CONCERNS

The Division concludes the 2012 Plan's current format is an improvement over past formats but has some specific concerns which the Company should correct. While many parts of the 2012 Plan are helpful and provide useful information, the Division notes the following issues on a section-by-section basis and recommends the Commission direct the Company to address these concerns and refile its 2012 Plan:

- Section 1 – Revision History: While the Company provides information about relevant dockets or orders in its cover letter, it would be useful to include a reference to a Docket number or Commission order governing the Plan reporting requirements in this section.
- Section 6 – Heat Rate Index: The Division believes more explanation of the heat rate index developed for this report, its calculation, and its use (and interpretation) would

be helpful. The Division suggests the index would be easier for others to interpret if the Company reported the inverse of the index, i.e., actual heat rate divided by planned heat rate.

- Section 10 – Appendix, Figure 1. 10-Year Plan Heat Rate Goals: This figure compares the Company’s planned and actual net heat rates and indicates a large degradation in planned heat rate will occur in 2016. The Company should explain why such a large degradation will occur.
- Section 10 – Table 4 FERC Form 1 heat rate data: The Division identifies three specific concerns regarding Table 4. First, some formulas appear to be incomplete. Specifically, in the upper section of each yearly tab is a line item labeled, “Plant Hours Connected to Load,” this information is not summed in the final column labeled, “Thermal Plant Totals,” and is therefore not picked up on the Summary tab. Second, FERC 1 line no. 5 of each yearly tab is labeled “Total Installed Cap (Max Gen Name Plate Ratings-MW).” However, the cost per kWh [sic] in the upper middle section of each tab appears to be based on the Company’s share of capacity for each plant. Third, at least one value (tab 1994, cell P16) is stored as text and is not included in the subsequent calculations. To resolve these issues, the Division recommends the Company review the model and fix all missing or incomplete formulas, reconcile any unit calculation discrepancies and report its share of capacity at each plant, and review the model for any additional problems.

DISCUSSION AND CONCLUSIONS

We commend the Company for its commitment to improving the format and content of the Fossil Fuel Heat Rate Improvement Plan. The Commission views the annual filing of the plan as a potentially useful tool in tracking the Company's efforts over time to optimize the efficiency and utilization of its generation fleet.

The Commission understands the Division's concerns and directs the Company to address them in future versions of the plan. On a going forward basis the Company should to incorporate the following items into future plans. 1) Regarding the FERC Form 1 data the Company should, as it does in its FERC Form 1, provide an explanation of whether the FERC Form 1 data for each plant/unit represents the total capacity or the Company's share of capacity and what that share is. 2) Table 1 is labeled a "10 Year Plan," as such each annual plan the Company files should represent the Company's most current intentions with respect to the Naughton and Carbon plants, and any other generation resources. Also, it is not clear how the data in the FERC Form 1 is used in the body of the report. Some explanation in this regard would be helpful. 3) In general, it would be helpful if the data used for all the graphs is provided as a part of the filing.

The Commission views the efforts to define the format for this plan as an evolving process in which the needs and concerns of the Commission, Division and other interested stakeholders should be considered. Therefore, we direct the Company to continue to work with interested parties to further refine the format of the plan thereby enhancing its usefulness.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that

1. The Company shall address the concerns raised in the Division's June 12, 2012, comments before filing the next year's report.
2. The Company shall convene a meeting with interested parties no less than 4 months prior to the filing of the 2013 Plan to receive additional input on the format and content of future Heat Rate Improvement Plans.

DATED at Salt Lake City, Utah, this 16th day of July, 2012.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary

D#231323

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 16th day of July, 2012, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic Mail:

Data Request Response Center (datarequest@pacificorp.com)
PacifiCorp

Dave Taylor (dave.taylor@pacificorp.com)
Rocky Mountain Power

By Hand-Delivery:

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