



PUBLIC MEETING

Utah Committee of Consumer Services

November 28, 2012



Welcome & Business



Case Updates



Telephone Cases

- Lifeline ETC Cases
 - Cricket
 - Budget
 - Q-Link
- Manti Telephone Company
 - Hearings held November 14 – 15
 - Parties preparing an issue matrix for Commission
 - Commission order anticipated by mid-December



PacifiCorp 2016 All Source RFP

- 2/8/2012: PSC approved PacifiCorp's All Source Request for Proposals for resources in the 2016 time period
 - Company sought to acquire approx 600 MW of cost-effective resources
 - Company received bids and developed a shortlist of candidate resources
- 9/28/2012: Company notified PSC that it had decided to cancel the All Source RFP and would not pursue a 2016 resource
 - Current load forecast shows significant reduction in forecast load that results in a 468 MW reduction in resource needs in 2016
 - Models indicate that the 2016 resource need can be economically met with front office transactions.
 - Note: Company does not require Commission approval to cancel the RFP
- PSC set schedule for Independent Evaluator report and additional stakeholder comments



Energy Balancing Account (EBA)

- First true-up filing for net power costs
 - Time period: 4th Q 2011
 - Amount Requested: \$8.9 M (.3 M = interest)
- Process still developing:
 - RMP initially requested interim rates during auditing and review
 - Parties challenged and PSC denied interim rates
 - PSC ordered expedited review timeline for current & future filings
- Schedule:
 - Responsive Testimony from OCS and other parties due on 12/13/12, may be delayed because supplemental information is necessary
 - A 2-day hearing is scheduled to begin 1/23/13.



EBA, continued

- DPU initial report (confidential)
 - Identifies potential issues regarding proper accounting of costs and prudence of Company actions in certain areas.
 - DPU requires additional information from RMP to determine whether to pursue adjustments.
- OCS Analysis:
 - OCS has developed some adjustments relating to certain contracts and plant outages.
 - We also are analyzing other issues, including certain issues identified in the DPU's EBA testimony.



Questar Rate Changes

- DSM Amortization
 - DSM costs lower than forecast
 - Questar determined that they can reduce the amount collected by \$6 M to \$24 million/year
 - Rate impact: savings of \$4.46/year for average residential customer
- Pipeline Infrastructure Replacement Tracker
 - The revenue requirement for those lines that were put in service this year is \$15 million.
 - Total of \$150 million of pipeline replaced since the program began in 2009.
 - Rate impact: increase residential customer's rates by \$4.50/year



Wexpro II

- PSC set schedule
 - OCS declined to file any legal motions
 - Testimony due December 11
 - Hearing: January 30



Other Cases

- RMP Depreciation Filing
 - RFP issued and expert selected
 - Case to be filed in December
- DSM
 - Rocky Mountain Power ongoing activities
 - Questar annual budget: OCS concerns with low income program reimbursements will be addressed at upcoming meeting



Recent Study

- SWEEP (Southwest Energy Efficiency Project: The \$20 Billion Bonanza)
 - <http://swenergy.org/programs/utilities/20BBonanza.htm>
- Results showed significant benefits to “best practices” or very high energy efficiency cases
- Presentation of results somewhat misleading
 - Comparison between high energy efficiency case and an artificial zero energy efficiency case
 - No analysis of high energy efficiency compared to business as usual
 - Certain costs not adequately captured (e.g. study moves away from least cost dispatch)



Potential Legislation

- Building/energy code
- Rural development
- Electric utility service territory
- State USF and/or telephone taxes/fees
- Remove requirement for DSM to be separate line item



Introduction: New and Upcoming Cases



Rocky Mountain Power Voluntary Request for Approval of Selective Catalytic Reduction Systems for Jim Bridger Units 3 & 4



JB Units 3 & 4 SCR

- PacifiCorp is partial owner of the Jim Bridger Coal Units
- RMP requests approval of major emissions reduction project
 - Adding SCRs on Jim Bridger Coal Units 3 & 4 in WY
- Unit 3 and Unit 4 cannot operate in current condition beyond December 31, 2015 and Dec 31, 2016, respectively
 - due to environmental requirements to reduce NO_x
- Company analysis indicates SCR additions is least cost compliance alternative
 - Compared to earlier closure or conversion to natural gas
- Commission approval of Company's request provides certainty of cost recovery
 - except under certain conditions



JB Units 3 & 4 SCR Schedule

- Company filed application & testimony Aug. 24, 2012
- Parties file direct testimony Nov. 30, 2012
- Rebuttal testimony Jan. 9, 2013
- Surrebuttal testimony Jan 28, 2013
- Hearing Feb. 5, 2013 (Feb. 6 reserved also)
- Commission must issue an order by Feb 20, 2013
 - unless it determines additional time is necessary for analyses



Changes to Avoided Cost Methodology – Renewable Projects > 3 MW



Avoided Cost: Overview

- RMP Request:
 - Stay of Market Proxy Indicative Pricing for Wind Qualifying Facilities (QFs)
 - Changes to the two methods of pricing and clarification on REC ownership
- Current Pricing Methods (established in 2005)
 - Market Proxy – winning bid on most recent RFP (currently: 2009 Dunlap Wind Project located in SE WY)
 - PDDRR – Proxy/Partial Displacement Differential Revenue Requirement (based on next deferrable resource in IRP)
- PSC established two schedules
 - Motion to Stay on expedited schedule – hearing on 12/12/2012
 - Other issues – three rounds of testimony and hearing on 6/5/2013



Issues: Motion to Stay

- RMP asserts that Market Proxy pricing in Utah should no longer be used because:
 - The Proxy no longer reflects the current market price for wind energy.
 - The current IRP shows that the Company does not need wind resources for RPS compliance until 2018.
 - There is no renewable resource need in the state of Utah.
 - Retail customers should not pay wind QF prices that exceed current avoided costs.
- OCS evaluation:
 - Should Utah customers pay higher rates because of how the Market Proxy pricing method is applied?
 - What methodology is most consistent with PURPA?
 - Will the uncertainty caused by the Stay harm renewable projects currently under development?
 - Will the Stay discourage future renewable project development?



RMP Request for a Certificate of
Public Need and Convenience:
Sigurd to Red Butte No. 2
345 kV Transmission Line

Sigurd – Red Butte CPCN

- Project Overview
 - \$380 million
 - 160 miles
 - In-service 6/30/2015
- Purpose
 - Increased Capacity – load growth in Southwest Utah
 - Reliability – provide redundant (2nd) line
- Schedule
 - 10/25/2012 – Technical Conference – Company Presentation
 - 12/21/2012 – Other Parties Direct
 - 01/29/2013 – Rebuttal
 - 02/22/2013 – Sur-rebuttal
 - 03/05/2013 – Hearing



Not Actual Route



Sigurd – Red Butte CPCN: Issues

- Is there a need?
 - Are load growth assumptions realistic
 - Do energy imports from NV provide adequate redundant supply?
- What load is driving the need?
 - RMP is smallest customer in SW Utah
- Have other alternatives been adequately explored?
 - DSM, new generation, smaller transmission line
- How much new transmission capacity would be provided & to what extent do reliability issues impact the need?
- Future rate issues
 - CPCN proceedings do not determine rate recovery
 - Certain positions may need to be reserved within this proceeding



Rocky Mountain Power Voluntary Request for Approval to Acquire Natural Gas Resources



Telecom Policy Objective & Potential Changes to State USF



Commission opened new State USF docket

- In the Matter of the Consideration of Potential Changes in the regulation of the Utah Universal Public Telecommunications Service Support Fund, In Response to Recent Changes in the Federal Universal Service Fund Program.
- Docket opened in response to inquiry from legislature
- PSC asks certain questions about options and invites wide range of comments
- Process:
 - Comments, then reply comments from interested parties
 - Technical conference
 - DPU report to PSC
 - PSC will provide recommendations/options to legislature



Concepts to consider for Policy Objective

- Should the Office support more limited – or more expanded – set of uses for State USF?
 - High cost support, with or without cap
 - Specific replacement of diminishing Federal USF
 - Broadband
 - Lifeline
- Should the Office support specific methodologies for disbursement of State USF funds?
 - Incorporate total Company revenues
 - Based only on good regulatory accounting and cost allocations
 - Impute per line revenues, calculate per line loss
 - One-time disbursements for specific investments
- Should the Office support elimination or phase out of State USF?



Discussion



Closed Session



Other Business



Adjourn
