

February 23, 2018

***VIA ELECTRONIC FILING***

Utah Public Service Commission  
Heber M. Wells Building, 4th Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Secretary

RE: Docket No. 17-035-40

**Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision – Corrected Testimony and Exhibits**

On January 16, 2018, Rocky Mountain Power (the “Company”) filed its supplemental direct and rebuttal testimony to update the filing for the results of the 2017R Request for Proposals (“2017R RFP”) in accordance with the procedural schedule issued July 27, 2107 in the above referenced docket. On February 16, 2018 the Company filed its second supplemental testimony to update the filing for the 2017R RFP final shortlist to reflect the results of the interconnection restudy process and new system impact studies (“SISs”).

While drafting a response to a data request, the Company identified an error in its treatment of certain wind project costs that affect the net economic benefits of the Combined Projects as derived from Planning and Risk model (“PaR”) studies. The data request was submitted in response to the Company’s January 16, 2018 supplemental direct and rebuttal filing and asked if certain wind project costs modeled as variable operations and maintenance costs (“VOM”) were included in the Company’s 2036 and 2050 studies.

These VOM costs include two types of costs for the proposed new wind facilities—Wyoming wind tax costs and wind integration costs. The Company subsequently confirmed that these costs were accurately captured in System Optimizer (“SO”) model studies, which were used to produce economic analysis through 2036. However, application of these costs were not accurately captured in PaR studies used in the economic analysis through 2036 and through 2050. The misapplication of these costs is present in the economic analysis supporting the Company’s supplemental direct and rebuttal and second supplemental filings.

Both elements of the VOM costs were included as a project cost in the PaR studies used to develop economic analysis through 2036. However, PaR was also configured to include incremental regulation reserve requirements associated with the new wind projects. The wind integration cost element of VOM captures the cost of holding incremental regulation reserves needed to integrate the new wind facilities, and thus, wind integration costs were being double

counted in the PaR studies. The SO model cannot be configured to capture these incremental regulation reserve requirements, and thus, inclusion of wind integration costs in the SO model was appropriate. Eliminating the wind integration cost element of VOM in the PaR studies through 2036 eliminates double counting and improves customer benefits by \$22 million in all price-policy scenarios in the Company's supplemental direct and rebuttal filing and by \$24 million in all price-policy scenarios in the Company's second supplemental filing.

The PaR studies used to develop the economic analysis through 2050 did not include any of the VOM cost elements described above. Considering that PaR was configured to hold incremental regulation reserves needed to integrate the new wind facilities, the only element of the VOM costs that should have been included in these studies is the cost associated with the Wyoming wind tax. Including the cost of the Wyoming wind tax in PaR studies used to develop the economic analysis through 2050 reduces customer benefit by \$26 million in all price-policy scenarios in the Company's supplemental direct and rebuttal filing and by \$29 million in all price-policy scenarios in the Company's second supplemental filing.

As noted above, these adjustments do not apply to SO model results, which appropriately include the wind integration cost element of VOM costs. Considering that the SO model was used to make bid-selections for the 2017R RFP and is unaffected by these corrections, selection of winning bids to the 2017R RFP final shortlist is unaffected. Moreover, upon discovering the misapplication of certain VOM costs, all calculations in the Company's filing were reviewed to ensure that, once the corrections described above were made, all project-cost elements and projected benefits were appropriately flowing into the economic analysis. The Company did not find any other issues during this review.

To ensure the record in this proceeding is accurate and to correct the single error discussed above, Rocky Mountain Power hereby submits replacement pages of testimony (clean and redline versions) for witnesses Rick T. Link and Cindy A. Crane as well as corrected exhibits and workpapers for Mr. Link as follows:

- Supplemental Direct and Rebuttal Testimony
  - Exhibit RMP\_\_(RTL-4SD)
  - Exhibit RMP\_\_(RTL-5SD)
  - Confidential Workpaper Table 2-SD, Table 3-SD, Figure 5 FSL Results Summary File - VOM Adjusted 2.21.18
- Second Supplemental Direct Testimony
  - Exhibit RMP\_\_(RTL-2SS)
  - Exhibit RMP\_\_(RTL-3SS)
  - Confidential Workpaper EV2020 Second Supp Results Summary File - VOM adjusted

The only change reflected in these replacement pages, exhibits, and workpapers is the treatment of the VOM cost elements discussed above.

Also, in the Company's second supplemental filing, Mr. Link provided the Oregon

Independent Evaluator (“IE”) Assessment of PacifiCorp’s Final Draft 2017R Request for Proposals dated August 10, 2017 as Exhibit RMP\_\_\_(RTL-9SS). The Company received the final Oregon Independent Evaluator Final Report on PacifiCorp’s 2017R Request for Proposals on February 16, 2018. Included in this filing is a replacement Highly Confidential Exhibit RMP\_\_\_(RTL-9SS) that is now appended with the final Oregon IE report and should replace the exhibit filed with the Company’s second supplemental filing in its entirety.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred):            [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
   [Jana.saba@pacificorp.com](mailto:Jana.saba@pacificorp.com)  
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By regular mail:                      Data Request Response Center  
   PacifiCorp  
   825 NE Multnomah, Suite 2000  
   Portland, OR 97232

Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,



Joelle Steward  
Vice President, Regulation