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February 23, 2018

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Wyoming Public Service Commission  
2515 Warren Avenue, Suite 300  
Cheyenne, Wyoming 82002

Attn: Chris Petrie, Chief Counsel

Docket No. 20000-520-EA-17  
Record No.14781

**RE: IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND NONTRADITIONAL RATEMAKING FOR WIND AND TRANSMISSION FACILITIES – Correction to Supplemental and 2<sup>nd</sup> Supplemental Direct Testimony, Exhibits, and Workpapers**

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Dear Mr. Petrie:

On January 16, 2018, Rocky Mountain Power (the “Company”) filed its supplemental direct testimony to update the filing for the results of the 2017R Request for Proposals (“2017R RFP”) 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 submitted in Utah 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 second supplemental direct 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 filing and by \$24 million in all price-policy scenarios in the Company's second supplemental direct 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 filing and by \$29 million in all price-policy scenarios in the Company's second supplemental direct 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 PaR and SO studies 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 (redline and clean versions) for witnesses Rick T. Link and Cindy A. Crane as well as corrected exhibits and workpapers for Mr. Link as follows:

- Supplemental Direct 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)
  - Exhibit RMP\_\_(RTL-8SS) which now includes the highly confidential completed Oregon Independent Evaluator report

- Confidential Workpaper EV2020 Second Supp Results Summary File - VOM adjusted

The Company has added the highly confidential completed Oregon Independent Evaluator report as outlined in Mr. Link's second supplemental direct testimony (page 30, lines 2-3).

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

An original and four copies, along with CDs containing the electronic file will be provided for the docket.

The replacement testimony pages, exhibits, and workpapers are also being provided to all the parties in this docket.

Please contact Stacy Splittstoesser, Wyoming Regulatory Affairs Manager, at (307) 632-2677 if you have any questions.

Sincerely,



Joelle R. Steward  
Vice President, Regulation

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

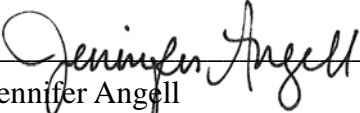
I hereby certify that on February 23, 2018, I caused to be served via E-mail and/or overnight delivery, a true and correct copy of the foregoing document to the following:

**Docket No. 20000-520-EA-17  
(Record No. 14781)**

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