

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: RICK STERLING

DATE: NOVEMBER 27, 2013

**RE: ROCKY MOUNTAIN POWER'S ANNUAL COMPLIANCE FILING TO
UPDATE THE LOAD AND GAS FORECASTS AND LONG-TERM
CONTRACTS IN THE INTEGRATED RESOURCE PLAN AVOIDED
COST METHODOLOGY; CASE NO. PAC-E-13-13**

BACKGROUND

In its final Order No. 32697, the Commission determined that the inputs to the Integrated Resource Plan ("IRP") avoided cost methodology, utilized for all proposed Public Utility Regulatory Policies Act of 1978 ("PURPA") qualifying facility ("QF") projects that exceed the published rate eligibility cap, will be updated every two years upon acknowledgement of the utility's IRP filing, with the exception of the load forecast and the natural gas forecast—which is to be updated annually by October 15 of each year. The Commission stated:

We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. For the sake of consistency, these annual updates should occur simultaneously with SAR updates – on June 1 of each year. In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance. We find it reasonable to include long-term contract considerations in an IRP Methodology calculation at such time as the QF and utility have entered into a signed contract for the sale and purchase of QF power. We further find it appropriate to consider PURPA contracts that have terminated or expired in each utility's load and resource balance. We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years).

Order No. 32697, p.22. The date for the annual update was later changed from June 1 to October 15 of each year. Order No. 32802.

On October 15, 2013, Rocky Mountain Power ("Company") submitted its annual updates for fuel prices, load forecasts, and changes to long term contracts for purchases or sales and any new or expiring QF contracts in compliance with Order Nos. 32697 and 32802.

STAFF REVIEW

Load Forecast

Rocky Mountain Power states that its current long term load forecast was prepared in June 2013 using the same methodology as the forecast used in the IRP, with a refinement to the forecasted commercial usage. The Company's filing provided the July 2012 and June 2013 load forecast summarized annually by jurisdiction. The long term load forecast used in the 2013 IRP was prepared in July 2012 and was provided for reference only.

Gas Forecast

The Company's Official Forward Price Curve was prepared September 30, 2013 ("1309 OFPC"). The natural gas forecast used in the 2013 IRP was prepared September 28, 2012 and is referred to as the Company's September 2012 Official Forward Price Curve ("1209 OFPC"). The Company's filing provided the 1309 OFPC natural gas prices summarized annually by market hub. The 1209 OFPC from the IRP was also provided for reference only.

Contract Terminations, Expirations, and Additions

Rocky Mountain Power's long-term contract inputs into the 2013 IRP were also locked down in September 2012. Since then the Company has signed seventeen long term PURPA QF contracts with a nameplate capacity rating of 367.8 MW. Five long term contracts with a nameplate of 42.0 MW were terminated. The Company's filing provided a list of the contracts.

STAFF RECOMMENDATION

Staff believes that the load and gas price forecasts submitted by Rocky Mountain Power reflect the Company's most current estimates, and were prepared consistent with the methods used in the IRP. Staff believes the load and gas price forecasts and the long-term contract changes submitted by the Company comply with the requirements of Order Nos. 32697 and 32802. Staff recommends that the Commission accept the forecasts and contract changes for filing without further process or procedure.

COMMISSION DECISION

Does the Commission wish to accept Rocky Mountain Power's compliance filing without further process or procedure?


Rick Sterling

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