

Regulatory Assistance Project Electrical Long-range Planning Survey

State: **Utah** Date: 5/23/03
Name of Agency: Public Service Commission of Utah (PSC)
Source: Phone interview, email, some web research
Contact Person, title: Becky Wilson, Commission Utility Economist
Background: Economics
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Policies

1. Is any form of long-range electrical resource and/or investment planning required?

Yes

2. What is it called?

Integrated Resource Plan

3. What is the process?

The standards and guidelines for the process were outlined in a docket, involving Utah's only electric IOU, that was opened in 1990. Study groups reviewed many other states' processes, and the Commission ordered an IRP process in 1992. It is a more informal, information-exchange process than in some states. They tried to be consistent with Oregon and Washington, where PacifiCorp ("the Company") also operated. The IRP is a system-wide plan, not state-specific. The Company is required to file an IRP and Action Plan every 2 years. The Company hosts a series of sessions/workshops to discuss different aspects of the plan. These are very open. Participants include many state agencies, trade groups, environmental groups, wind development interests and parties from other states. The Company issues a draft plan and solicits comments. They submit their final IRP to the PSC for review and acknowledgement. The PSC immediately posts notice and request comments regarding whether the PSC should acknowledge the IRP or not. The plan is docketed, but not formally.

4. Describe the analysis required by the regulatory body:

How reasonable are the assumptions? How closely does the IRP follow the Standards and Guidelines? What are the type, timing and magnitude of resources needed? Are the risks of relying on certain resources analyzed? What are they? Transmission capabilities are becoming more of an issue. The last IRP included the Company's own firm transmission only. What is the lead time needed for proposed construction? What are the load assumptions? What are the environmental impacts?

The Company's IRPs have not been acknowledged for several years now. They have not followed the standards and guidelines. Ms. Wilson's reading is that the Company anticipated operating in a deregulated market, so their business plans became inconsistent with the IRP. Now they seem to be operating as though their vertically integrated regulated status will be status quo for a while.

5. Is it statewide or utility-specific planning? What types of entities are required to participate?

PacifiCorp is the only electric IOU in Utah, and the only electric utility required to file an IRP. Ms. Wilson's understanding is that the PSC rejected the idea of a state-focused IRP and decided to require a system-wide IRP, for many reasons, including that what happens in other states will affect Utah. PacifiCorp files the same IRP in all states they serve that require an IRP. Utah may be the only one that has not acknowledged the IRP in recent years.

It is possible that Utah coops and munis using federal power engage in an IRP process with the Western Area Power Authority.

6. This form of planning has been required since what date?

The Standards and Guidelines informing the PacifiCorp IRP have been required since the June 18, 1992, Report and Order in Docket 90-2035-01.

A. Required elements

7. Which of the following resources must be evaluated/included?

| | |
|-------------------|-----|
| Generation | Yes |
| Transmission* | Yes |
| Distribution* | No |
| Energy efficiency | Yes |
| Load Management | Yes |

*In the past DSM was given a 15% cost benefit in lieu of analyzing Transmission and distribution benefits.

8. The plans' objectives,

From the regulatory perspective: To provide a process for public input up-front. It is a tool to help the Company to meet and manage service growth/demand. It is also a communication tool.

From the utility perspective: The same as for the regulators. It also helps the Company with internal and external coordination. The most recent plan focuses on gap between demand and supply.

PacifiCorp's IRP goals at their website are "to provide a framework and plan for the prudent future actions required to ensure PacifiCorp continues to provide reliable and least-cost electric service to its customers." From www.pacificorp.com

9. Are alternative scenarios analyzed as part of the plan? Yes
If so, what factors are considered?

Up until recently the Company did a fairly straightforward sensitivity analysis, looking at fuel costs, the economy, load changes, weather and the market to predict likely impacts on costs. In the latest IRP they used a more rigorous risk analysis tool (stochastic risk analysis) that uses historical data to show the impact different portfolios are likely to have. The Company must identify who bears the risks of different scenarios: customers or shareholders.

For many years the Company used a model optimizing supply and demand. However, this model had no ability to handle hourly differences, which is needed in today's economy. In the most recent IRP, the Company developed portfolios by hand and ran it through a production cost model.

The company is limited in its ability to transfer electricity, on a firm basis, between the two major regions they serve (Pacific Northwest and Mountain States). These are referred to as the West and East in their plans. As a result the IRP describes an East-West split in resource scenarios.

10. Are externalities considered? Environmental: Yes Economic: Yes
11. What is the planning horizon? 20 years
Length of Energy and Demand forecasts 20 years
Length of Short-term Action Plan 4 years, with a 2 year specific action plan.

12. How often do utilities have to file plans? Update plans?

They are supposed to be submitted biennially.

13. What monitoring or other processes are used to determine consistency of investments with plans?

Consistency will be reviewed in the context of rate cases or certificate of need and necessity.

Agency Process

14. Agency holds public hearings on utility plans? Not exactly

Formal hearings on the “Acknowledgement” process can be held but are not required. To Ms. Wilson’s knowledge, none has ever been held.

15. Other ways public participates and comments on plans are:

Once the final IRP is submitted, the PSC docket it and solicits comments on whether it should be acknowledged or not. The Company holds public meetings and technical conferences prior to completing the final IRP.

16. Agency Authority over Plans:

The PSC may acknowledge the plan. It may also require the utility to modify and resubmit it.

17. Have resource acquisition decisions changed as a result of the planning process?

Nothing comes to mind.

18. Are competitive processes used to acquire new resources?

Yes, the IRP must discuss how competitive bidding will be used but it is not required.

19. How are Energy Efficiency resources acquired?

Competitive bidding is used, but not required.

20. Does regulatory agency have open dockets or is it considering opening a docket investigating any long-range electrical investments? Yes

21. Citation and description:

Docket 02-035-03 This docket was opened, but is now suspended. It was to examine future IRP and guidelines under which it should occur. PacifiCorp was interested in this due to interest in a pre-approval process. It is now suspended pending acknowledgement of the present IRP and the multi-state process PacifiCorp is hosting.

Docket 03-2035-01 PacifiCorp’s 2003 IRP

Docket 03-035-03 This docket is an investigation on the need for rules re: obtaining resources. Topics include RFPs, affiliate rules, bidding rules, etc.

(An issue that may come up in one or more of these dockets is that as PacifiCorp uses more competitive bidding to get resources, they may want more confidentiality around the IRP.)

22. Are filed plans available on-line? Yes

The 2003 IRP, submitted to the PSC on 1/24/03, is available at PacifiCorp's website: www.pacificorp.com/Navigation/Navigation23807.html
Past and current plans do not appear to be available at the PSC website. Recent PSC Orders are available on the PSC website.

23. Citation and description of State policies (legislation, rules/regs, PUC orders) governing planning:

June 18, 1992 Order in Docket 90-2035-01 promulgated the current standards and guidelines for PacifiCorp's IRP. These can be seen in Attachment A to the February 28, 2002 Order in Docket 98-2035-05 at www.psc.state.ut.us/elec/02orders/Feb/98203505ro.htm

24. Does your state do performance-based regulation? No, cost-based.

State Energy Plan

25. Is there a State Energy Plan?

Yes, see: www.energy.utah.gov/newsep/sephome.htm

26. Is it connected to the planning described above?

No, but the Governor issued an Energy Policy statement that was consistent with the IRP.

27. If yes, who is responsible for the Plan?

Not applicable.

28. What is included in the Plan, apropos of long-range electrical planning?

Ms. Wilson is not familiar with the plan.

All responses written from notes compiled and edited by Cathie Murray at RAP.
The corrections to the draft document suggested by the contact person have been incorporated.

The verbatim responses of Utah regulators and plan practitioners to similar questions can be seen at <http://www.nwcouncil.org/energy/powersupply/adequacyforum/Default.htm>