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BEFORE THE UTAH PUBLIC SERVICE COMMISSION

In the Matter of the Application of Rocky Mountain Power for Approval of Its Proposed Energy Cost Adjustment Mechanism.

Docket No. 09-035-15

In the Matter of the Rocky Mountain Power Proposed Schedule 94, Energy Balancing Account (EBA) Pilot Program Tariff

Docket No. 11-035-T10

**UIEC’S COMMENTS ON DPU’S
REPORT ON EBA PILOT PROGRAM
EVALUATION PLAN**

Pursuant to the Notice of Schedule issued by the Utah Public Service Commission (“Commission”) March 8, 2012, the UIEC hereby submits its comments on the Division of Public Utilities’ (“DPU”) Report on EBA Pilot Program Evaluation Plan (“Report”).

COMMENTS

On March 1, 2012, the DPU filed its Report regarding EBA filing requirements and a proposed EBA Pilot Program Evaluation Plan. Even though the DPU acknowledged the comments UIEC provided on the DPU’s draft report and claims to have included some of the UIEC’s suggestions, the UIEC believes that the public interest requires more disclosure and

transparency than the DPU's Report provides. Therefore, UIEC has attached a copy of the comments it submitted to the DPU on the draft report (attached hereto as Exhibit A) and encourages the Commission to take them into consideration when making a determination as to the final EBA filing requirements.

The DPU's requirements may be sufficient to check whether Rocky Mountain Power's ("RMP" or the "Company") calculations were done correctly and whether the proper accounts were included in its filing, but the DPU has failed to require sufficient information for making an adequate investigation behind those calculations to determine whether the costs were incurred prudently. Before the EBA, market forces and RMP's self-interest helped to keep the Company's actions in check, providing a direct incentive for the Company to make and implement, in most cases, prudent resource decisions. Now, with the approval of the EBA, that has changed and the DPU must take a very active policing role going forward based on sufficient facts and data because limited, if any, incentives remain to control the Company's behavior. In addition, the rich carrying charge the Company stands to accrue as a result of ambiguous filings and delayed recovery should incent the DPU to require the most complete information possible at the outset.

The DPU has the process backward. Initially, in undertaking a new and unknown process, adequate precautions should be taken to ensure accountability and transparency. It is only after some time has passed and experience has been gained that shortcuts or abbreviated filings might be appropriate. The DPU, claiming lack of time and resources, and the fact that this is a "trial" program, appears to be starting out with the abbreviated information and claiming it will ask for more later if needed.

In fact, the DPU emphasizes that this is a pilot program. However, that cannot be an excuse for failing to require¹ the Company to ensure its annual filing and monthly reports contain all the information needed to conduct a thorough investigation. This may be a trial exercise for the regulators, but these are real people paying real money despite the fact that it is a “trial.”² Mistakes and mishandling during the so-called trial will cost ratepayers money that they cannot recover. The risk has shifted from the Company to the ratepayers, and it is the DPU’s responsibility to ensure adequate measures are taken to minimize the ratepayers’ risk.

The following is a list of information that the UIEC previously recommended should be required but which did not make the DPU’s final report. This information should be provided in both the monthly filings³ and in the annual reconciliation filing to enable the regulators and the interested parties to conduct a prudence review.

1. Reports explaining the cause for any outage that occurred for the period;
2. Project-by-project MWh comparisons of thermal and hydro planned outages to actual outages for the relevant period;
3. With respect to the “trade data” listed on page 6 of the Report, this should be expanded to include a calculation of gains and losses for electric and natural gas swaps;
4. GRID report level comparisons of actual eligible net power costs (“NPC”) (fuel and purchased power costs) to budgeted costs in both dollars (\$) and MWh for the applicable period;

¹ Interestingly, the DPU’s report notes what the Company “is willing to provide.” Report at 6-7. That should not be the standard for what is *required*. The Company should not be dictating the requirements by telling the regulators what it “is willing to provide” in its filings.

² It cannot be considered an actual “trial” because if it were, a true-up would be conducted at the end of the “trial” period to make everyone whole for any mistakes or mishandling.

³ This is not to suggest that duplicate information needs to be submitted. Once the data and/or information is submitted, it probably does not need to be resubmitted.

5. Hourly electric market prices corresponding to each buy/sell electricity transaction for the wholesale markets in which PacifiCorp transacts for the applicable period;
6. Contract by contract comparisons of actual wheeling expenses to budgeted wheeling expenses for the applicable period; and
7. Relevant economic analyses and internal communications recommending contracts during the applicable period with a term greater than one year that were executed.

The UIEC appreciates the clarification in the DPU's Report (as well as the rebuttal testimony of Mr. Peterson and Mr. Croft in Docket No. 11-035-T10) regarding the 45-day evaluation period. UIEC understands the DPU's Report and testimony to say that the 45 days will be used to do a high-level evaluation which may result in a recommendation for setting an *interim* rate. No final rates will be set at that time, because the DPU will only thereafter perform a full audit and prudence review.⁴ There is no timeline or deadline associated with completing this final audit and prudence review, or the setting of *final* rates, at this time. The UIEC believes that this should be reflected in the Company's Schedule 94 tariff.

In conclusion, the UIEC appreciates the opportunity the Commission has provided to allow all parties to have input into the EBA filing requirements and Pilot Program Evaluation Plan.

DATED this 22d day of March, 2012.

/s Vicki M. Baldwin
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⁴ Keep in mind that the ratepayers will be paying a hefty carrying charge for however long this process may take.

CERTIFICATE OF SERVICE
Docket No. 09-035-15 & 11-035-T10

I hereby certify that on this 22nd day of March 2012, I caused to be e-mailed, a true and correct copy of the foregoing **UIEC'S COMMENTS ON DPU'S REPORT ON EBA PILOT**

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