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## ACTION REQUEST RESPONSE

**To:** Public Service Commission

**From:** Chris Parker, Director  
Artie Powell, Energy Section Manager  
David Thomson, Technical Consultant  
Brenda Salter, Utility Analyst  
Matt Croft, Utility Analyst

**Date:** February 7, 2011

**Re:** Docket No. 10-035-124, In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations.

### RECOMMENDATION

The Division of Public Utilities (Division) has performed a preliminary review of the Application, as filed by the Company in Docket No. 10-035-124. In general, the Division found that the Company's filing satisfies the Commission's filing requirements. The Division did find some instances where certain responses to filing requirements were not in compliance or were in partial compliance with rule R746-700-1.E.1. However, the Division does not believe that these discrepancies constitute a substantial deficiency in the Company's filing and, therefore, does not challenge the completeness of the Company's filing. The Division, however, recommends that in future filings care be taken to adhere to the rule if at all possible.

## **ISSUE**

On January 24, 2011, Rocky Mountain Power (RMP) filed an application with the Utah Public Service Commission (Commission) for authority to increase its Retail Electric Utility Service Rates in Utah in accordance with the 240-day period provided under Utah Code Ann. Section 54-7-12(3). Per Utah Code Anno. § 54-7-12(2) (b) (ii), parties have 14 days to challenge the completeness of application. The completeness of a filing for a general rate case of an Electric Corporation is defined by Commission rules R746-700-1; 10; 20; 21; 22; 23. On January 26, 2011, the Commission issued an Action Request to the Division asking that the Division review the filing for completeness and, specifically, whether the filing complies with Commission rule R746-700-1.E.1.

## **DISCUSSION**

Per the Commission's Action Request, the Division has reviewed the application and compared the material filed with the application for general compliance to the Commission's filing requirement rules found in R746-700-1; 10; 20; 21; 22; 23. As part of the Action Request, the Commission also directed that the Division review the Company's filing and ensure compliance with R746-700-1.E.1, which states, "if a document, spreadsheet, schedule, etc. has internal formulas or other types of inter-cell relationships, the electronic media version shall be provided with such formulas or cell relationships intact."

The table in the attached spreadsheet lists rules R746-700-10; 20; 21; 22; 23 and whether the Division verified that RMP has filed information in each required area. The Division has reviewed the Company's filing and believes that the Company filed information in each area as required. However, the Division makes no judgment regarding the accuracy of the information or whether the Division agrees with the information as filed. Furthermore, the Division identified several areas where the Company's filing was not strictly in compliance with R746-700-1.E.1. These areas include, the Company's alternative test period (12 months ending June 2011); test year revenues (Adjustment 3.1 from SRM-3 and exhibits from Mr. William Griffith's testimony) and SO<sub>2</sub> allowances and revenues. These areas are discussed below and are also identified in the attached spreadsheet.

## Alternative Test Period

The Commission's filing rules require that

If the test period used in the application is a future test period, in addition to the demonstration of adjustments to be made for the test period used by the applicant in the general rate case application, the applicant will *make the same demonstration* for the 12-month period ending on the last day of June or December, whichever is closest, following the filing date . . . (R746-700-10.A.2; emphasis added)

The Company's application utilizes a future test period, the 12 months ending June 2012. The Company also provides an alternative test period, the 12 months ending June 2011. From the Division's review, it appears that the revenue requirement model (JAM) for the alternative test year does contain the required formulas. The originally filed adjustment lead sheets, however, do not contain inter-cell and formula relationships to the source data that detail how the adjustments were derived. The Company has since filed supplementary information with the parties that details how the adjustments to the alternative test year were calculated. The Division recommends that this information, at least in electronic form, be provided in future filings. Additionally, the Division notes that the alternative test period has no cost of service/rate design information or power cost information.

## Revenues

Adjustment 3.1 (Pro forma Revenues) is an excel file that details the forecasted revenues for the June 2012 test year. Only the lead sheet tab in this excel workbook contains linking and or reference formulas to the other tabs within the workbook. None of the other four tabs in the spreadsheet contain linking formulas to themselves or to other spreadsheets that would detail how the revenue adjustments (Normalization, Unbilled, Temperature, Blocking, Annualized, Migration, MPA Proforma) were calculated. The Company has informed the Division that the information used to calculate these adjustments originates from much larger systems and or models and as such it was not practical to provide such backup information. In addition to the missing linking/reference formulas, each of the four tabs lack nearly all the required calculation type formulas (totals, subtotals, etc.) In response to R746-700-20.C.1, test period revenue calculations were provided in Mr. Griffith's testimony. These spreadsheets (WRG-1, WRG-5,

etc.) also lacked calculation and reference formulas. The Company has since provided Mr. Griffith's work papers to the various parties which do contain the supporting formulas. The Division recommends that this supplemental information be filed with the Company's initial application in future filings.

## SO<sub>2</sub> Allowances and Revenues

The Company sells its excess sulfur dioxide (SO<sub>2</sub>) emission allowances as established by the Environmental Protection Agency (EPA) guidelines. Consistent with the Commission order in Docket No. 97-035-01, the Company has amortized sales of emission allowances over a four-year period. Mr. Steven McDougal's Exhibit SRM-3 page 3.3.1 shows the four-year amortization of SO<sub>2</sub> allowances taking into account projected sales through the test period. Although the spreadsheet contains formulas beginning at the "Total" line, the majority of the spreadsheet provided on page 3.3.1 in Mr. McDougal's exhibit does not contain the required internal formulas or inter-cell relationships. The Company filed supplemental SO<sub>2</sub> allowance information on February 4, 2011 that was received by the Division the afternoon of February 7, 2011. The Division recommends the SO<sub>2</sub> supplemental information be filed with the Company's initial application in future filings.

## Additional Comments

The RMP filing has two major (large) excel based models for revenue requirement and cost of service/rate design and a web-accessed model for power costs. These models start with data imported or inputted from RMP's general ledger or other RMP based information. For example, load information is inputted into the three models and through inter-related formulas, spreadsheet cells, macros or programs, revenue requirement, cost of service/rate design, or power cost results are obtained. The Division understands that at some point inputs are necessary, and, the Division believes that the Company has made a reasonable effort to provide worksheets with intact formulas where possible. Where the Company has used primal data in past cases, the Company has responded favorably to requests for on-site visits, to further investigate the origins and reasonableness of that data. The Division anticipates the Company will be cooperative in this

area in this case as well. In future filings, however, it would be helpful if the Company were to identify when primal data is used and its origin in the Company's computer system(s).

## **CONCLUSION**

The Division reviewed and compared documents, schedules, spreadsheets and exhibits filed by the Company in Docket No. 10-035-124 for compliance with the Commission's filing requirements. The Division's preliminary review of the Company's filing indicates that the Company is substantially in compliance with the Commission's filing rules. The Division believes that, except for the exceptions noted herein, the Company's initial filing contains the requisite intact formulas. Based upon the overall information in the filing, the Division would not challenge the completeness of the Company's filing. The Division, however, recommends that RMP in future filings take care to ensure full compliance with the rules and that the supplemental information provided in this docket be included in future initial rate case filings. The Division also recommends that where primal or pasted data is used that the Company identify the data as such and specify its general source within the Company's computer system(s).

CC Dave Taylor, Rocky Mountain Power  
Michele Beck, Office of Consumer Services