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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. 12-035-67
	UIEC’S RESPONSE TO THE DIVISION OF PUBLIC UTILITIES’ REQUEST FOR REHEARING

Pursuant to the provisions at Utah Admin. Code R746-100-3(H) and R746-100-4(D), the Utah Industrial Energy Users, an intervention group (“UIEC”), hereby submits its Response to the Division of Public Utilities’ (“DPU” or “Division”) Request for Rehearing (“Req. for Reh’g”) of the Public Service Commission’s (“Commission” or “PSC”) Order on EBA Interim Rate Process, issued in this Docket and in Docket Nos. 09-035-15 and 11-035-T10, on August 30, 2012 (“Order”).

1. The Division’s Request for Rehearing asks the Commission to modify that portion of the Order in which the Commission set out “milestones for future EBA applications, beginning with RMP’s 2013 EBA filing.” Order at 14. The Division argues that, depending on the DPU’s workload, it may not have sufficient resources to complete its audit of Rocky Mountain Power’s (“RMP” or “Company”) March 15 EBA filing by the July 15 deadline set by the Order. Req. for Reh’g at 3.

2. Instead, the Division proposes that the Commission modify its Order to set a scheduling conference after RMP files its application for EBA cost recovery on or about March 15 of each year, and to determine in the scheduling conference further deadlines and proceedings for that particular case. Req. for Reh'g at 1.

3. The UIEC does not oppose the Division's request. However, the Commission should consider that any delay in determining the amount to be recovered (or refunded) through the EBA may affect the carrying charges, and could also affect the ability of the parties to discover evidence that may be relevant to determining the case.

4. The UIEC raised the issue of carrying charges in the T-10 docket, arguing that RMP should not be permitted to recover carrying charges on EBA costs that have not yet been expended (even though they might have been booked), or if RMP is already being compensated through a return on working capital, or if customers have no opportunity to pay the amount billed before carrying charges begin to accrue. *See* UIEC's Issues List, Docket No. 11-035-T10. In addition, it should be noted that a 6% carrying charge on the EBA balance creates an incentive for the Company to delay the process, for example, by failing to fully cooperate with the Division and parties in responding to data requests, while it earns a significant return on the balance. Because this is a pilot program, and in accordance with past Commission orders,¹ these issues should remain open for further consideration.

5. If the Commission decides that it is appropriate to set a schedule separately for each EBA reconciliation filing, it should also consider in each proceeding whether it is

¹ In the T-10 Docket, the Commission approved a 6% carrying charge in Schedule 94, but stated:

We find the Company's proposed carrying charge calculation is consistent with our EBA Order and with other balancing account mechanisms. We make no findings at present to change the 6 percent carrying charge, but note it applies to both customers and the Company, and agree it is an issue that warrants further study as applied to various utility balancing accounts.

Order, Docket No 11-035-T-10 (May 1, 2012).

appropriate to adjust the application of carrying charges to the EBA balance as a consequence of the schedule.

6. In addition to affecting the carrying charges, a delay in the schedule could make it more difficult for the parties to adduce evidence in response to the application and the Division's audit report. By the time an EBA application is filed, more than one year will have elapsed since EBA costs have begun to accrue. To the extent evidence of market conditions and prices for electricity and natural gas must be ascertained from the outset of the accrual period, any delay makes it increasingly difficult for the parties to collect and present such evidence.

7. While the UIEC does not oppose the Division's request, the Division's inability to complete its audit report within the time frame set by the Commission's Order must not be allowed to affect the amount that ratepayers are charged for EBA costs, or impair their ability to effectively participate in EBA proceedings.

8. For the foregoing reasons, the UIEC recommends that, if the Commission grants the Division's request to set schedules separately for each EBA case, the Commission also consider whether an adjustment to carrying charges is appropriate and whether undue delay would affect the quality of the evidence available to be presented to the Commission.

DATED this 11th day of October, 2012.

/s William J. Evans

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CERTIFICATE OF SERVICE
Docket No. 12-035-67

I hereby certify that on this 11th day of October 2012, I caused to be e-mailed, a true and correct copy of the foregoing UIEC'S RESPONSE TO THE DIVISION OF PUBLIC UTILITIES' REQUEST FOR REHEARING to:

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