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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Increase the Deferred EBA Rate through the Energy Balancing Account Mechanism	COMMENTS OF UIEC ON PROPOSED ALLOCATION OF EBA COSTS Docket No. 13-035-32
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In response to the testimony of the parties filed in this matter, and in lieu of rebuttal testimony, the UIEC intervention group submits the following comments on Rocky Mountain Power's ("RMP" or "Company") proposed allocation of the deferred Energy Balancing Account ("EBA") costs.

1. The Company has submitted a proposed rate spread for allocating the deferred EBA balance among customer classes. Exhibit RMP ____ (JRS-1) ("Exhibit JRS-1"). In her Direct Testimony sponsoring Exhibit JRS-1, Company witness, Joelle R. Steward, states that the Company "proposes to spread the EBA-3 deferral across customer rate schedules consistent with the NPC allocator agreed to by the parties and approved by the Commission in the 2012 GRC." Direct Testimony of Joelle R. Steward, (March, 2013) at p.2, lines 36-38 (2:38-39).

2. The UIEC notes that, in the Stipulation of the 2012 GRC, the parties agreed that “Exhibit A1 to [the] Stipulation [would provide] ... the allocation of EBA costs among rate schedules,” for base EBA costs. *See* Settlement Stipulation, attached to the Commission’s Report and Order, Docket No. 11-035-200, 12-035-79, 12-035-80 (Sept. 19, 2012).

3. Subsequently, in the settlement of the EBA case filed in March of 2012, the parties stipulated to a rate spread for the recovery of the deferred EBA balance accrued during the period between October 1, 2011, and December 31, 2012, but agreed (and the Commission ruled) that “no part of the Settlement Stipulation, or the formulae, or methods used in its development or a Commission order approving it, shall be considered precedential in any future docket except with regard to the issues expressly identified and resolved by the Settlement Stipulation.” Report and Order, Docket No. 12-035-67, (Feb. 27, 2013), at 4.

4. The rate spread advocated by the Company in the present docket uses an annual method to allocate each service schedule’s share of the annual EBA deferral. *See* Exhibit A1 to the Settlement Stipulation, at page 3 of 3, (attached to the Commission’s Report and Order, Docket No. 11-035-200, 12-035-79, 12-035-80). Although this method has been previously used by stipulation, this is the first time that the Commission has considered a full 12-month period for cost recovery of the EBA deferral, since the 2012 EBA filing covered only the last three months of 2011. In addition, the Commission has ordered that the Company must track and report the monthly allocations during the EBA pilot program period in order to facilitate the comparison between competing methods of allocating EBA costs to the Utah jurisdiction. *See* Report and Order, Docket Nos. 10-035-124, 09-035-15, 10-035-14, 11-035-47, (Sept. 13, 2011) at 50-51; Report and Order, Docket Nos., 11-035-200, 12-035-79, 12-035-80 at 27; Report and

Order, Docket No. 12-035-67 at 11-12. The UIEC, therefore, does not consider any allocation method to be precedential, especially as this is still a pilot program.

5. For high load factor Schedule 9 customers, the difference between a monthly and an annual allocation is important. When a monthly allocation is used, the relationship between the customer's load and the total Utah load is captured from month to month. In the summer, for example, when total Utah load as well as the MWh cost of power is the highest, a high load factor customer's proportionate share of the total Utah load is relatively low. In the winter, on the other hand, when total Utah load and unit power costs are at their lowest (and when the EBA balance might even show a negative number (*see, e.g.*, RMP Exh. BSD-1 at line 21)), the high load factor customer's proportionate share of the total load is relatively high. A monthly allocation captures the seasonal variation and allocates to high load factor customers a lower proportion of the EBA deferral in the high-cost summer months and a greater proportion in the lower-cost winter months. Allocating the EBA deferral costs by looking only at the total annual load of a class in relation to the total annual Utah load obliterates the actual relationship between class load and Utah total load, and thus unjustly and unreasonably skews the relationship between the cause of the EBA deferral costs and the allocation of those costs to the customers who cause them.

6. For the purposes of the present docket, the UIEC does not intend to offer testimony in support of an alternative allocation of the EBA deferral to the Utah jurisdiction or to the various service schedules. However, the UIEC has advocated, and continues to believe that the accrual of EBA costs and their allocation to Utah and to service schedules should be on a monthly (or even hourly) basis. *See* Direct Testimony of Jonathan A. Lesser, Docket No. 11-035-

200 (June 22, 2012) at 29-40. By abstaining from filing testimony in the present docket, the UIEC does not acquiesce to the Company's method of allocating EBA costs, but reserves the right to oppose its method or to propose an alternative method in future dockets as the UIEC may deem appropriate.

7. The UIEC also observes that the Company's filing in this case purports to allocate a certain dollar amount (also expressed as a percentage increase) to special contract customers.

See Exh. JRS-1 at Column 5. In her Direct Testimony, Ms. Steward, states:

There are three customer classes – Schedule 21, Schedule 31 and Contract Customer 3 – that were not included in the Company's cost of service study in 2012 GRC and therefore not reflected in the NPC allocator. The Company proposes to apply the same percentage change to these customer classes as Schedule 9 because: (1) the Schedule 21 and Schedule 31 customers are more similar to Schedule 9 customers than the other customer classes; and (2) the terms of the contract for Contract Customer 3 require that the customer pay the same EBA rate as Schedule 9 customers.

Steward Direct Testimony at 2:43 – 3:50; *see also* Direct Testimony of Daniel E. Gimble for the Office of Consumer Services ("OCS"), (Aug. 20, 2013) at 10:275 – 11:298 (concurring with Steward's proposed allocation to Schedules 21, 31 and Customer 3). Steward has also set out proposed billing determinants for Contract Customers 1, 2 and 3 in Exhibit JRS-2, commenting that the rate for Contract Customer 2 is "consistent with the Stipulation in Docket No. 12-035-67." Steward Direct, 5:96-99.

8. The EBA statute provides:

The collection of costs related to an energy balancing account from customers paying contract rates shall be governed by the terms of the contract.

Utah Code Ann. § 54-7-13.5(2)(f). The collection of costs from these customers, therefore, is a matter of mutual consent as expressed in their contracts once those contracts have been approved by the Commission. Any special contract customer, of course, may stipulate to some other means or method of allocating and/or collecting EBA costs, including those based on prior stipulations and/or existing service schedules.

9. Because of the unique characteristics of special contract customers, and because the statute specifies that their contracts govern, the Company may not collect from UIEC Contract Customer(s) EBA costs based on a comparison to Schedule 9, 21, 31, or any other service schedule. Moreover, the UIEC Contract Customer(s), like the rest of the UIEC Group, contend that the accrual of EBA costs to be collected from Contract Customers should be calculated on a monthly or hourly basis. The UIEC Contract Customer(s), therefore, do not acquiesce or defer to the Company or the OCS with respect to the interpretation of their special contracts or stipulations.

10. For the purposes of this proceeding, the UIEC Contract Customer(s) do not intend to offer testimony challenging the amount of the 2012 EBA deferral that the Company proposes to collect from special contract customers as set out in Column 5 of Exhibit JRS-1. Nevertheless, to the extent that the Company or the Office have misinterpreted the UIEC Contract Customer(s) contracts or stipulations, or have attempted to allocate to them or will attempt to collect from them costs based on such misinterpretations, or based on allocations applicable to any class of service, or based on an annual instead of a monthly calculation of EBA costs, the UIEC Contract Customer(s) reserve the right to protest and oppose such allocations or

collections and to seek enforcement of the EBA statute, their special contracts and their stipulations as they deem appropriate.

DATED this 20th day of September, 2013

/s/ William J. Evans

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CERTIFICATE OF SERVICE

(Docket No. 13-035-32)

I hereby certify that on this 20th day of September 2013, I caused to be e-mailed, a true and correct copy of the foregoing **COMMENTS OF UIEC ON PROPOSED ALLOCATION OF EBA COSTS** to:

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