



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission

From: The Office of Consumer Services
Michele Beck
Cheryl Murray

Copies To: Rocky Mountain Power
David Taylor,
Yvonne Hogle
The Division of Public Utilities
Chris Parker
Artie Powell

Date: May 9, 2014

Subject: In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account.
Docket No. 14-035-30

Background

On March 17, 2014, Rocky Mountain Power (Company) submitted an application to the Public Service Commission (Commission) requesting approval to change rates in Schedule 98, Renewable Energy Credits Balancing Account (RBA).

Following an April 1, 2014 scheduling conference the Commission issued a scheduling order specifying that the Division of Public Utilities (Division) would file initial comments on April 28, 2014 and other parties' responsive comments would be due on May 12, 2014. An interim rates hearing is scheduled for May 22, 2014.

Division of Public Utilities Initial Comments

In initial comments filed on April 28, 2014, the Division describes the review it has undertaken to date and identifies changes to the revenues associated with renewable energy credits as reported by the Company.

The Division makes the following recommendation:

“After a preliminary review of the application, the Division recommends the Commission approve the application, as filed, with the proposed rate change becoming effective, on an interim basis, on June 1, 2014.”

Office of Consumer Services (Office) Response

The Office engaged the services of Consultant Donna Ramas to assist in this review. She has participated on behalf of the Office in a number of past cases related to the Company’s REC sales and allocation issues. Below is a summary of the Office’s review and analysis.

Materials Reviewed

In its evaluation and analysis, the Office reviewed the following relevant information:

- Application of Rocky Mountain Power, including testimonies and exhibits provided in support of its Application;
- Discovery responses submitted by the Company;
- Division of Public Utilities Initial Comments, dated April 28, 2014;
- Settlement agreement in prior rate case (Docket No. 11-035-200) related to the REC amounts incorporated in current base rates;
- Rate spread among the customer classes from both the last rate case (Docket 11-035-200) and the last REC proceeding (Docket 13-035-33);
- Rocky Mountain Power’s testimony regarding the reduction in load in the current general rate case (Docket 13-035-184); and
- Forecasted billing determinants presented by the Company in the current general rate case (Docket 13-035-184).

Allocation of REC Revenues

The Company proposes to allocate the REC revenues across customer classes consistent with Step 2 of the 2012 Stipulation in Docket 11-035-200, with two modifications. First, because no allocations were made to Schedules 7, 11, 12 and 15 with the Step 2 rate change the Company uses the percentage of deferred REC revenue allocation from Docket No. 12-035-68¹ for those classes. Second, the Company includes Special Contract Customer 1 in the allocations because as of January 1, 2014, that customer became subject to the RBA.

¹ In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account, by Crediting Revenues of Approximately \$4.0 Million.

May 9, 2014

Based on the Office's review of the proposed allocation across customer classes, including the proposed modifications, the Office concludes that for interim rates the allocation is fair and reasonable.

Conclusion

The Office found no errors, discrepancies or issues of concern in its initial review and analysis and expects to conduct a more comprehensive analysis following issuance of the Division's audit report on July 11, 2014.

Recommendation

The Office recommends that the Commission approve the proposed Schedule 98 rates on an interim basis pending the Division's audit and parties' comments and recommendations related to that audit.