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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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. 15-035-____

**APPLICATION TO REVISE RATES IN TARIFF SCHEDULE 98, RENEWABLE
ENERGY CREDITS BALANCING ACCOUNT**

Comes now Rocky Mountain Power (“Rocky Mountain Power” or the “Company”), with an Application to the Public Service Commission of Utah (“Commission”) respectfully requesting an order approving a rate change in the Renewable Energy Credits Balancing Account (“RBA”), tariff Schedule 98, pursuant to the terms and conditions of the tariff. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is a regulated public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company provides retail electric service to over 830,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main, Suite 2300, Salt Lake City, Utah 84111.

3. Communications regarding this filing should be addressed to:

Bob Lively
Utah Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: bob.lively@pacificorp.com

Yvonne R. Hogle
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In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word or plain text format to the following:

By email (preferred): datarequest@pacificorp.com
bob.lively@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Informal questions may be directed to Bob Lively at (801) 220-4052.

4. Tariff Schedule 98, approved by the Commission in an order issued in Docket No. 10-035-124, tracks the difference between REC revenues included in base rates and actual REC revenues collected from the sale of RECs by the Company.

5. The variances between REC revenues included in rates and actual REC revenues collected are identified and deferred each month for one full calendar year.

6. Annually on March 15, an RBA application is filed to present the variances, including applicable carrying charges, with a true-up for the difference between the amounts in rates and actual sales occurring through Tariff Schedule 98.

7. The collection or credit under Tariff Schedule 98 is to be made annually, effective June 1.

8. In this RBA filing, the deferral period was January 1, 2014 through December 31, 2014 (“Deferral Period”). The Company calculated a deferral balance for the Deferral Period of approximately \$5.6 million owing to the Company over the currently effective RBA rate. The Company further requests that this \$5.6 million be amortized over a two year period, or approximately \$2.8 million per year.

9. The Company is proposing to revise Tariff Schedule 98 by adding this approximate \$2.8 million to the second installment of approximately \$5.7 million, of the total amount approved as part of Docket No. 14-035-30 (“2014 RBA”) in the amount of \$17.0 million. In total, the Company seeks to recover, beginning June 1, 2015, approximately \$8.5 million pursuant to Tariff Schedule 98, which results in an overall increase from current rates of approximately \$2.8 million, or 0.15 percent.

10. In support of this Application, the Company has provided the testimony and exhibits of Bruce W. Griswold, Director of Short-term Origination and Qualifying Facilities Contracts; Jana L. Saba, Manager of Revenue Requirements; and, Joelle R. Steward, Director of Pricing, Cost of Service, and Regulatory Operations. Mr. Griswold’s testimony addresses the historical REC sales that will be used in the calculation to set the Tariff Schedule 98 surcharge.

Ms. Saba's testimony addresses the allocation of total Company sales to Utah and the calculation of the deferral component to true-up calendar year 2014 REC sales. Ms. Steward will address the Company's proposed REC revenue spread and REC rates in this case.

11. In his direct testimony, **Confidential Exhibit RMP___(BWG-1)**, Mr. Griswold presents the total Company REC revenues received for calendar year 2014. In his **Confidential Exhibit RMP___(BWG-2)**, Mr. Griswold provides total Company REC sales by entity, price tag, resource and vintage during the Deferral Period, with the exception of November and December, 2014. Details are not provided for November and December 2014 because they are not yet known.

12. In his **Confidential Exhibit RMP___(BWG-3)**, Mr. Griswold provides a summary of RECs sold by entity, price tag, resource and vintage estimated for November and December, 2014. Although total Company REC sales are final, the allocation of REC revenue among the Company's jurisdictions depends on the resources to which the REC sales are attributed. This assignment of Company resources to RECs sold occurs after the fact, once output from Company facilities is known and as various REC sales contracts are settled. Although total REC revenue for calendar year 2014 is known, at the time of this filing the assignment of RECs sold to individual resources in November and December 2014 was estimated since the details are not finalized. The difference between estimated and actual amounts will have a minimal impact on the Utah allocated amount, and the Company will account for such amounts in the next RBA filing.

13. In his **Confidential Exhibit RMP___(BWG-4)**, Mr. Griswold provides the details of the final November and December 2013 actual REC revenue by resource, which the Company agreed to provide in the 2014 RBA proceeding.

14. Ms. Saba's direct testimony, **Exhibit RMP___(JLS-1)**, shows a table summarizing the deferred balance for the Deferral Period in the RBA of approximately \$5.6 million along with the calculation of the \$11.1 million remaining to be collected related to the 2014 RBA proceeding.

15. **Exhibit RMP___(JLS-1)** shows the beginning deferred balance of the RBA in January 1, 2014 of approximately \$15.0 million which was rolled over from the December 31, 2013 balance. This amount was adjusted by approximately \$2 thousand to reflect the true-up after updated and finalized resource assignments for November and December 2013 became known.

16. The actual REC sales revenue received by the Company during the 2014 Deferral Period was approximately \$4.4 million on a total Company basis, or \$2.3 million on a Utah-allocated basis, as illustrated in **Confidential Exhibit RMP___(JLS-3)**.

17. Pursuant to the settlement stipulation in Docket No. 11-035-200 ("2012 GRC Settlement Stipulation"), the Company is allowed to retain, as an incentive, ten percent of the revenues obtained from sales of RECs incremental to the forecast REC revenue included in that case of \$25 million through May 31, 2013, and thereafter incremental to the revenues received under contracts entered into after July 1, 2012. All of the REC revenue booked in calendar year 2014 qualifies for the ten percent incentive calculation. The Company calculated the incentive by taking ten percent of the Utah allocated REC revenue, resulting in a \$226 thousand incentive amount, as shown in **Confidential Exhibit RMP___(JLS-2)**.

18. The amount of REC revenues in base rates for January 1, 2014 through August 31, 2014 were set at \$10 million, on a Utah-allocated basis, consistent with the agreement in the 2012 GRC Settlement Stipulation, reflected as a monthly amount of REC revenues from January 1, 2014 through August 31, 2014 in **Confidential Exhibit RMP___(JLS-2)**.

19. The amount of REC revenues in base rates for September 1, 2014 through December 31, 2014 were set at \$2.0 million, on a Utah-allocated basis, consistent with the agreed upon step 1 REC revenue in the 2014 general rate case, Docket No. 13-035-184 (“2014 GRC”) settlement stipulation, reflected as a monthly amount of REC revenues from September 1, 2014 through December 31, 2014 in **Confidential Exhibit RMP___(JLS-2)**. Combined, the foregoing monthly amounts produce REC revenues of \$7.3 million, on a Utah-allocated during 2014, shown in the total column **Confidential Exhibit RMP___(JLS-2)**.

20. The 2015 RBA balance of \$5.6 million includes approximately \$313 thousand of carrying charges at the Company’s most recently approved cost of debt, shown in **Confidential Exhibits RMP___(JLS-2) and RMP___(JLS-3)**. The 2014 RBA remaining balance of \$11.1 million includes approximately \$355 thousand of carrying charges from January 1, 2014 through May 31, 2014, shown in **Confidential Exhibit RMP___(JLS-2)**.

21. The deferred balance to be charged to customers through Schedule 98 is approximately \$5.6 million shown in **Confidential Exhibit RMP___(JLS-3)**. The Company proposes to amortize this amount over a two-year period, with annual installments of approximately \$2.8 million to be collected from customers, with no carrying charges during the collection period.

22. The Company proposes to add this approximate \$2.8 million installment to the currently effective RBA rate that is designed to collect approximately \$5.7 million per year, for a total collection of approximately \$8.5 million, shown in **Exhibit RMP___(JRS-1)**.

23. The Company has allocated the proposed approximate \$2.8 million RBA surcharge across customer classes consistent with the rate spread approved in the rate cases where the corresponding Base RBA revenues were set. Specifically, the Company proposes to use the rate

spread from the 2012 GRC for the portion of the Deferral Period from January 1, 2014 through August 31, 2014, or approximately \$2.7 million. The Company proposes to use the rate spread from the 2014 GRC for the Deferral Period from September 1, 2014 through December 31, 2014, or approximately \$0.1 million.

Customer Class	Proposed Percentage
Residential	
Schedules 1, 2, 3	0.2%
General Service	
Schedule 23	0.1%
Schedule 6	0.1%
Schedule 8	0.1%
Schedule 9	0.2%
Irrigation	
Schedule 10	0.2%
Public Street and Area Lighting Schedules	
Schedules	
7, 11, 12	0.04%
Schedule 15	0.1%

24. Based on the forecast test period 12 months ending May 2015, this proposal would result in an increase in rates from the current surcharge of 0.15 percent.

25. Ms. Steward's direct testimony, **Exhibit RMP___(JRS-1)**, contains the Company's proposed rate spread, which follows two different spreads as described above. **Exhibit RMP___(JRS-2)** contains the billing determinants and the calculations of the proposed REC rates in this case. **Exhibit RMP___(JRS-3)** contains the proposed rates for Tariff Schedule 98. The current Schedule 98 rates will terminate on May 31, 2015, and the new Tariff Schedule 98 rates will become effective on June 1, 2015.

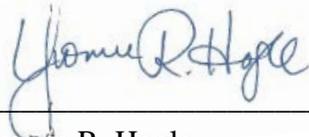
26. Pursuant to the terms and conditions of the RBA, the rate effective date of the first of two annual installments of approximately \$2.8 million, is June 1, 2015.

WHEREFORE, by this Application, Rocky Mountain Power respectfully requests that the Commission approve recovery of the deferral balance for the Deferral Period of approximately \$5.6 million, to be collected from customers in two annual installments of approximately \$2.8 million, the first to be effective on June 1, 2015.

DATED this 16th day of March, 2015.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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