



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director
Artie Powell, Energy Section Manager
Brenda Salter, Technical Consultant
Charles E. Peterson, Technical Consultant

Date: November 18, 2015

Re: Action Request for the investigation in to the 15.4979 percent short term interest rate reported by Rocky Mountain Power in its calculation of AFUDC. Review the Carrying Charges Applied to Various Rocky Mountain Power Account Balances, Docket No. 15-035-69.

Recommendation (No Action)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) take no action at this time.

Issue

As the result of a technical conference held on October 21, 2015 in this docket, Rocky Mountain Power (Company) provided its calculation of AFUDC¹ for 2014. Included in that calculation is

¹ Allowance for Funds Used During Construction

an interest rate of 15.4979 percent that was applied to short-term debt. On November 3, 2015, the Commission issued an Amended Action Request to the Division requesting that the Division “investigate this interest rate and provide any explanations of or recommendations on this interest rate to the Commission by December 10.” This memorandum is the Division’s response to this Amended Action Request.

Discussion

The Division sent a data request to the Company requesting verification of and an explanation of the 15.4979 percent interest rate. The Company’s response indicated that a large majority of the 15.4979 percent figure is made up of “credit facility fees” that were paid in conjunction with the Company’s periodic issuance of commercial paper during 2014. The Company indicated that the amount of the fees was fixed and, apparently, was based upon the overall size of the commercial paper that the Company could issue (several hundred million dollars). The Division has attached the Company’s complete response to the Division’s data request.

Conclusion and Recommendation

At this time the Division believes that the Company’s explanation of the short-term interest rate used to calculate AFUDC is plausible and recommends that the Commission take no action.

ATTACHMENTS

CC Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List