

R. Jeff Richards (7294)
Yvonne R. Hogle (7550)
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone No. (801) 220-4050
Facsimile No. (801) 220-3299
E-mail: yvonne.hogle@pacificorp.com

Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER TO DECREASE) Docket No. 16-035-01
THE DEFERRED EBA RATE THROUGH THE)
ENERGY BALANCING ACCOUNT MECHANISM)

**APPLICATION TO DECREASE THE DEFERRED EBA RATE THROUGH THE
ENERGY BALANCING ACCOUNT MECHANISM**

Rocky Mountain Power, a division of PacifiCorp (“Company” or “Rocky Mountain Power”), hereby submits this application (“Application”) to the Public Service Commission of Utah (“Commission”) pursuant to energy balancing account mechanism (“EBA”) tariff Schedule 94 (“Tariff Schedule 94”), requesting approval to recover approximately \$18.9 million in deferred EBA Costs (“EBAC”). The \$18.9 million includes the following cost components: (1) approximately \$11.3 million, the difference between the Actual EBAC and the Base EBAC in current base rates for the period beginning January 1, 2015 through December 31, 2015 (“Deferral Period”), (2) a credit of approximately \$2.8 million in coal fuel expense savings at the Hunter and Huntington plants related to the Deer Creek mine closure and not subject to the sharing band, (3) approximately \$1.3 million in accrued interest, and (4) approximately \$9.0 million representing

the Utah-allocated Deer Creek mine amortization expense.

The Company is proposing to revise Tariff Schedule 94 to recover \$16.7 million, which is a decrease from the currently effective deferred NPC rates that are designed to collect approximately \$29.8 million from retail customers, adjusted for load.

From current rates, netting the \$16.7 million request for recovery of deferred NPC for the Deferral Period against the balance in the 2015 EBA, results in an overall decrease from the current amount to be collected from retail customers under Tariff Schedule 94 rate of approximately \$13.0 million or 0.07 percent.

This Application is consistent with Tariff Schedule 94, approved by the Commission on July 17, 2012, as amended by the Commission's Order on EBA Interim Rate Process, issued August 30, 2012.

The proposed EBA rate decrease reflected in this Application represents an EBA rate adjustment under Tariff Schedule 94 as set forth above. It is allocated to rate schedules pursuant to and consistent with the Commission-approved NPC allocator from the Company's general rate case filing in Docket No. 13-035-184 (the "2014 GRC"), as explained further below. Rocky Mountain Power respectfully requests that, pursuant to the provisions in Tariff Schedule 94, this decrease in Utah rates become effective beginning November 1, 2016. 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 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. Rocky Mountain Power's principal place of business in Utah is 1407 West North Temple, Suite 310, Salt Lake City, Utah, 84116.

3. Communications regarding this filing should be addressed to:

Bob Lively
Utah Regulatory Affairs Manager
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
E-mail: bob.lively@pacificorp.com

Yvonne R. Hogle
Assistant General Counsel
Rocky Mountain Power
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
E-mail: yvonne.hogle@pacificorp.com

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

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

Informal questions may be directed to Bob Lively, Utah Regulatory Affairs Manager at (801) 220-4052.

4. Tariff Schedule 94 permits the Company to monitor total EBAC on an unbundled basis apart from other investments and expenses included in base rates and to account for historical actual EBAC that may be over or under the amount recovered in base rates through the EBA.

5. Under Tariff Schedule 94, the Company files a deferred EBAC adjustment application annually on or before March 15. Tariff Schedule 94 includes provisions for an annual rate effective date of November 1.

6. The EBA deferral calculation consists of two revenue requirement components: NPC and wheeling revenue. NPC are defined as the sum of fuel expenses, wholesale purchased power expenses, wheeling expenses, less wholesale sales revenue. Wheeling revenue includes amounts booked to FERC account 456.1, Revenues from transmission of electricity of others. Collectively, the two components are known in Tariff Schedule 94 as “Energy Balancing Account Costs” or “EBAC.”

7. During 2015, several new accounts were used in the Company’s accounting system to track components of net power costs and wheeling revenues, including new accounts to track fuel expenses and NPC-related accounting entries arising from the Company’s participation in the energy imbalance market (“EIM”) with the California Independent System Operator (“CAISO”), as specifically described in the direct testimony of Mr. Michael G. Wilding. The new accounts fall within the main FERC accounts that make up net power costs, but the specific SAP accounts are not identified in the currently-effective Tariff Schedule 94. The new accounts are identified in an exhibit to Mr. Wilding’s direct testimony as well as in the revisions to Schedule 94, included as an exhibit in Ms. Joelle R. Steward’s direct testimony.

8. The deferred EBAC is determined pursuant to Tariff Schedule 94 by comparing, in a deferral period, the actual NPC and wheeling revenue to the total Base EBAC recovered in rates as established in a general rate case, with 70 percent of the difference being deferred for later recovery from or refund to customers. In addition, several adjustments were made to actual NPC this year, as described in the direct testimony of Mr. Wilding.

9. The Deferral Period for this Application is the 12-month period beginning January 1, 2015 through December 31, 2015.

10. The request in this Application includes four components: (1) the EBA deferral amount (“EBA Deferral Amount”) of approximately \$11.3 million, (2) a credit of approximately \$2.8 million in coal fuel expense savings related to the Deer Creek mine closure, (3) approximately \$1.3 million in accrued interest, and (4) approximately \$9.0 million for the Utah-allocated Deer Creek mine amortization expense.

11. For the Deferral Period, Base EBAC includes a step change effective September 1, 2015. Step 1 and Step 2 Base NPC were both set in the 2014 GRC, and Step 2 includes an adjustment to effectuate the step change. The 2014 GRC used a test period of 12 months from July 2014 through June 2015. Step 1 set total-company Base NPC at \$1.495 billion and wheeling revenue at \$97 million, and Step 2 set total-company Base NPC at \$1.491 billion and maintained wheeling revenue at \$97 million. The combined total-company Base NPC for both steps is \$1.494 billion and wheeling revenue is \$97 million.

12. Actual NPC were higher than Base NPC during the Deferral Period as a result of, among other things, a reduction in wholesale sales revenues and a reduction in generation from the Company’s hydro and wind facilities, partially offset by a reduction in purchased power expense and a reduction in coal fuel expense.

13. The Company calculated the EBA Deferral Amount for the Deferral Period using the Commission Order Method consistent with the stipulation approved by the Commission in the 2014 GRC, as set forth in detail in Exhibit RMP____(MGW-1), attached to Mr. Wilding’s direct testimony.

Deferred EBA Cost Adjustment

14. Pursuant to Tariff Schedule 94, the deferred EBAC adjustment is calculated monthly and recorded as a deferred expense on the Company's books. Mr. Wilding's **Exhibit RMP___(MGW-1)**, shows the detailed calculation of the EBA Deferral Amount. Actual Total NPC from January 1, 2015 through December 31, 2015 were approximately \$1,537 million. This was approximately \$43 million higher than the \$1,494 million Base NPC being used in this case.

15. Utah's allocated NPC before wheeling revenues were approximately \$668 million. After crediting Utah-allocated wheeling revenues of approximately \$41 million, Utah actual EBAC were approximately \$627.0 million shown on line 3, or \$25.99 per MWh, shown on line 5.

16. In comparison, Utah Base EBAC were approximately \$588 million shown on line 6, after crediting Utah-allocated wheeling revenues or approximately \$41.1 million shown on line 7, or \$25.31 per MWh, shown on line 10. The monthly difference between lines 5 and 10 applied to Utah's 2015 load produces the deferred EBAC prior to application of the cost-sharing band of approximately \$16.2 million, shown on line 12.

17. The Deferred EBAC, after applying the 70/30 percent EBA sharing band, is approximately \$11.3 million on line 13. One hundred (100) percent of the coal fuel savings related to the closure of the Deer Creek mine in the amount of about \$2.8 million are shown on line 14. Interest provisions of \$405 thousand for the Deferral Period (January 1, 2015 through December 31, 2015) and of \$922 thousand (through October 2016) are shown on lines 19 and 22, respectively.

The Deer Creek amortization expense of approximately \$9.0 million is reflected on line 21. The total ending deferral amount of approximately \$18.9 million is shown on line 23.

18. A summary of the total requested EBA recovery is shown in the table below.

<u>Calendar Year 2015 EBA Deferral</u>		<i>Exhibit RMP___(MGW-1) Reference</i>
Actual EBAC (\$/MWh)	\$ 25.99	<i>Line 5</i>
Base EBAC (\$/MWh)	\$ 25.31	<i>Line 10</i>
\$/MWh Differential	\$ 0.68	
Utah Sales (MWh)	24,127,542	<i>Line 4</i>
EBA Deferrable*	\$ 16,157,578	<i>Line 12</i>
EBA Deferral at 70% Sharing	\$ 11,310,305	<i>Line 13</i>
Coal Fuel Savings not Subject to Sharing*	\$ (2,787,700)	<i>Line 14</i>
Total Deferrable	\$ 8,522,604	<i>Line 15</i>
Interest Accrued through December 31, 2015	\$ 405,032	<i>Line 19</i>
Interest Jan. 1, 2016 through Oct. 31, 2016	\$ 921,872	<i>Line 22</i>
Deer Creek Amortization Costs	\$ 9,098,764	<i>Line 21</i>
Requested EBA Recovery	\$ 18,948,273	<i>Line 23</i>

* Calculated monthly

Proposed Tariff Sheets

19. The Company's proposal is to spread the deferred EBAC across customer classes for the Deferral Amounts consistent with the NPC Allocators agreed to by the parties and approved by the Commission in the 2014 GRC, as shown in Exhibit RMP___(JRS-1), attached to the direct testimony of Ms. Steward.

20. The Company proposes to allocate the 2016 EBA deferral and revenues to those customer classes that are not reflected in the NPC Allocators, such as Schedule 21 and Schedule 31 customers, and Contract Customers 1 and 3, as described in Ms. Steward's direct testimony.

21. The table below summarizes the proposed price changes by tariff rate schedule. Ms. Steward's direct testimony, **Exhibit RMP___(JRS-1)**, displays the Company's proposed rate

spread, as discussed above. The proposal would result in an overall decrease of approximately 0.7 percent to customers in Utah. Ms. Steward's direct testimony, **Exhibit RMP___(JRS-2)**, includes billing determinants and the calculations of the proposed EBA rates in this case. Ms. Steward's direct testimony, **Exhibit RMP___(JRS-3)**, contains the proposed rates and revisions for Tariff Schedule 94.

Customer Class	Proposed Percentage Change 2016 EBA
Residential	
Schedules 1, 2, 3	(0.6)%
General Service	
Schedule 23	(0.6)%
Schedule 6	(0.7)%
Schedule 8	(0.7)%
Schedule 9	(0.8)%
Irrigation	
Schedule 10	(0.7)%
Public Street and Area Lighting Schedules	
Schedules 7, 11, 12	(0.4)%
Schedule 15	(0.6)%

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission approve interim rates as provided in Tariff Schedule 94 to recover the costs identified in this Application, as filed, with an effective date of November 1, 2016.

DATED this 15th day of March 2016.

Respectfully submitted,

ROCKY MOUNTAIN POWER



R. Jeff Richards
Yvonne R. Hogle
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116

Telephone No. (801) 220-4050
Facsimile No. (801) 220-3299
E-mail: yvonne.hogle@pacificorp.com
Attorneys for Rocky Mountain Power