

DPU EXHIBIT 1.1 Dir – PUBLIC  
EXECUTIVE SUMMARY

Docket No. 16-035-01

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January 1, 2015 – December 31, 2015

## 2016 EBA AUDIT REPORT FOR ROCKY MOUNTAIN POWER

Prepared by the Utah Division of  
Public Utilities

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## 1 EXECUTIVE SUMMARY

The Utah Division of Public Utilities (Division) and its outside consultants Daymark Energy Advisors, Inc. (Daymark) have completed an audit of Rocky Mountain Power's (Company) Energy Balancing Account (EBA) for calendar year 2015. The Division recommends the Commission disallow recovery of \$1,233,127 of the original \$18,948,273 requested by the Company. The Daymark part of this adjustment along with other Daymark recommendations are discussed in its report and is summarized below.

The Division's findings specifically addressed in this report are as follows:

1. The Division believes the costs presented in the EBA are generally accurate and tie to the supporting schedules and source documents that were provided by the Company. A few findings and exceptions were found in supporting documentation but the Division believes that ultimately these matters will be resolved prior to the setting of the final deferral recovery amount. Most exceptions or findings were not material or did not change the final dollar amount of net power costs included in the EBA.
2. The Company's level of documentation was comparable to or in some cases better than the 2015 filing. The Division agrees with Daymark's recommendation 3 below which follows the Division list.
3. The Company was overall timely in its data request responses and provided complete responses. The Division believes that the Company is maintaining its commitments made in the prior EBA dockets to improve the audit process. Phone conferences were held with the Company during the audit and the Division appreciates the willingness of Company representatives to discuss the many aspects of trading reports, policies, procedures and practices, and EBA accounting matters.
4. No adjustments are proposed for the trading transactions sampled by the Division.
5. The Division is proposing to disallow Company true-ups or corrections of actual Net Power Costs for deferral periods prior to 2015 that were included in actual Net Power Costs for 2015. The adjustment on a total Company basis is \$1,711,096. The Division is also proposing to disallow the interest on the Deer Creek amortization for the 10 months ending October 31, 2016 in the amount of \$465,312.

6. This amount has been combined with Daymark's total Company adjustment amount and then the Utah allocated adjustment amount of \$1,233,127 was computed. The Commission should also clarify that the Company may not impose a carrying charge on the Deer Creek Amortization amounts during the recovery period.
7. The Division asked Daymark to review the EIM and shortfalls in wind and hydro production relative to levels for the last general rate cast. Daymark's report explains the results of its examination. Given the complexity of understanding the types of EIM costs and revenues included in the EBA, the Division reserves the right to make adjustments in future EBA audits for types of EIM costs it deems to be imprudent, inappropriate or unreasonable, or not meeting the public interest. No adjustments related to EIM costs and revenues are proposed in this current EBA audit.
8. The Division will recommend disallowing Trapper Mine operating costs in the next EBA filing and or next general rate case if it doesn't receive enough supporting documentation to determine prudence or have a chance to determine prudence. The level of information provided is insufficient.

Daymark has also completed an EBA Audit Report. Its recommendations, which the Division adopts as part of its recommendations to the Commission, are outlined below.

1. Daymark recommends disallowance of replacement power cost resulting from two outages. It also recommends recovering insurance reimbursements related to the outages. These adjustments will reduce Net Power Costs by a total Company amount of \$610,326.
2. Based on Daymark's review of the sample transactions and the supporting information provided to it, Daymark found no reason to adjust the energy balancing account or net power costs for sample transactions reviewed.
3. The Company was responsive to requests for conference calls and made appropriate personnel available to explain what were often highly technical issues involving complex issues. One such complex issue was The Company's participation In CAISO's EIM. The Company has made significant improvements in the completeness of its responses to data requests and in its contemporaneous documentation of strategic purpose of commercial decisions impacting EBA costs. In Daymark's view, these conference calls along with increased cooperation and collaboration improved the efficiency of the review process greatly.

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The Division's audit report is included as DPU Confidential Exhibit 1.2. The Daymark audit report is included as DPU Confidential Exhibit 2.3.