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# 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  
Energy Section  
Artie Powell, Manager  
Abdinasir Abdulle, Utility Analyst

Date: September, 15, 2016

Re: Docket No. 16-035-15. Rocky Mountain Power 2015 Year End Cost of Service Study.

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### Recommendation (Acknowledge with Recommendations)

The Division of Public Utilities (“Division”) recommends that the Commission acknowledge Rocky Mountain Power’s (“Company”) filing with the following recommendations. That the Commission direct the Company to incorporate the Division’s corrections outlined in the Discussion of this memorandum in its next filing.

### Issue

On June 15, 2016, Rocky Mountain Power (Company) filed with the Commission its class cost of service study based on annual Results of Operations for 2015 (2015 COS). On June 30, 2016, the Commission issued an Action Request to the Division asking the Division to investigate the

Company's filing. The Commission asked the Division to report its findings and recommendations by August 16, 2016. The Commission later extended the due date of the Division's response to the Action Request to September 15, 2016. This memorandum represents the Division's response to the Commission's Action Request.

## **Discussion**

In compliance with the Commission's letter of May 29, 2014, on June 15, 2016, the Company filed with the Commission its Class Cost of Service study (COS) based on annual Results of Operations for 2015 (2015 COS). The Commission issued an Action Request to the Division to investigate the Company's filing. In its Action Request, the Commission identified three issues to be addressed by the Division:

- 1) To compare the 2015 COS model with the 2014 COS model and identify:
  - a. The added tabs, including the rationale therefor;
  - b. The deleted tabs, including the rationale therefor; and
  - c. Any other changes to the 2015 COS model, including the rationale therefor.
- 2) To explain how the 2015 COS model can be manipulated in the absence of the "Hot Sheet" tab and to identify if there are any limitations in the 2015 COS model resulting from the absence of the "Hot Sheet" tab.
- 3) To explain how the hard-coded factors in the FUNC Factor tab are developed and if they can be validated based on data available in the 2015 COS model.

To address these issues the Division (1) reviewed the Company's responses to Division's Third Set of Data Request in this Docket addressing the above listed issues, (2) reviewed the

Company provided COS model updated for the end of year 2015 results of operations but using the old model (2014 COS model), and (3) carefully compared the 2014 COS and the 2015 COS models.

### **Company Responses to DPU Data Request Three**

The Division carefully reviewed the Company's responses to the DPU Third set of Data Request (DPU 3.0). Based on the Company's responses, the Division understands that the major reason for making changes to the Company's COS model between 2014 and 2015 is to make it more transparent and easy to follow. The 2014 COS relies on several macros. In the 2015 COS, the Company removed the macros. This makes the COS model easier to follow for the stakeholders. However, this necessitated the addition of a number of new tabs and the deletion of a number of other tabs. For the specific changes and the rationale behind them, please refer to the Company's response to the DPU 3.0 attached hereto. The Division does not oppose any of the changes outlined in DPU 3.0.

### **Division's Comparison between 2014 COS and 2015 COS**

In addition to changes mentioned in the Company's response to the DPU 3.0, the Division identified the following changes.

1. **JAM Download tab:** In the 2014 COS model, the normalized results (jurisdictional costs) of operations and the functional factors were downloaded from the JAM model into the "JAM Download" tab of the cost of service model using a macro called UpdateJAMInputs. Hence, the JAM Download tab of the 2014 COS contains the jurisdictional costs and the functional factors.

In the 2015 COS model, the system and jurisdictional unadjusted and normalized results are copied from the “Report” tab of the JAM and pasted in the “JAM Download” of the 2015 COS model. Thus, the JAM Download tab of the 2015 COS contains the system and jurisdictional costs only.

Furthermore, the Division notes that the Company inadvertently labeled the system and jurisdictional costs contained in columns I and J of “JAM Download” tab as “DECEMBER 2015 NORMALIZED RESULTS”. The correct label is “DECEMBER 2015 UNADJUSTED RESULTS”.

These changes in the JAM Download tab are not expected to have any impact on the results of the model. Therefore, the Division does not oppose them.

- Inputs tab:** In the Distribution Plant–Split, Accounts 364, 365, 366, and 367, the Company inadvertently copied the values of the Secondary from 2014 COS model. Thus, the sum of the Primary and the Secondary do not add to 1. To correct the discrepancy, replace the Secondary Values with the formula, 1 minus the Primary Value.
- Func Fators tab:** The format of this tab has been changed. In the 2014 COS model, there is a column for the sum of Distribution, Retail, and Miscellaneous factors. This column has been removed in the 2015 COS model. This change is not expected to have impact on the results.

4. **Cust Factors tab:** In its response to DPU 2<sup>nd</sup> Set of Data Request, the Company indicated that the customer number factor (CN) for the 2015 COS was not correct and they provided the correct number. However, the Cust Factors tab does not reflect this correction. In a telephone discussion with the Division, the Company indicated that it needs time to research the disparity between the number of customers used in the JAM model and that used in the cost of service model and will report back to the Division. Because the difference in the number of customers that we are looking at is around 1,000 customers, the Division does not believe that the impact would be meaningful, if any.

CC: Bob Lively, RMP  
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