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Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Justin Christensen, Utility Analyst

Date: January 31, 2018

Subject: Action Request Response in Docket 18-025-01, and 18-025-02, Empire Electric Association, Inc.

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge the changes to interest rates of the Consumer Deposit Interest Rate, and the Capital Credit Interest Rate for Empire Electric Association Inc. (Empire Electric)

BACKGROUND

On January 8, 2018, Empire Electric sent a request that the Commission consider and approve these proposed changes. On January 8, 2018, the Commission issued an Action Request to the Division directing it to review the application and make recommendations. On January 22, 2018, Empire Electric sent a second request to update its Capital Credit Interest Rate. On January 22, 2018, the Commission issued a second action request to the Division to review the application and make recommendations. This memo is the Division's response to both Action Requests.

ISSUE

Under PSC Rule R746-200-3- Each utility collecting deposits shall pay interest thereon at a rate established by the Commission. For electric cooperatives and electric service districts, interest rates shall be determine by the governing board of directors of the cooperative or district and filed with the Commission...

DISCUSSION

The Division has reviewed Empire Electric's filing. On a phone call with Empire Electric on January 29, 2018, the Division found out that the rate and term for the Capital Credit Interest Rate on the first filing was misstated. Empire Electric sent a second filing with the correct term and rate. The Consumer Deposit Interest Rate of 0.0367% has been approved by Empire Electric's Board and is the average rate consisting of rates from six local banks. The Capital Credit Interest Rate is updated from a 30-year 4.45% rate to a 20-year 5.45% rate. The Empire Electric Board of Directors met on December 1, 2017, and approved these changes. Since the Commission was notified on January 8, 2018 with the filing, and Empire Electric's Board of Directors met and approved the rates on December 1, 2017, the requirements are met.

CONCLUSION

The Division recommends the Commission acknowledge Empire Electric interest rate changes for 2018.

CC: Bobbe Jones, Member Services Manager, Empire Electric Association Inc.
Maria Wright, Division of Public Utilities
Mike Peterson, Director Utah Rural Electric Association
Michele Beck, Office of Consumer Services