

Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account	<u>DOCKET NO. 18-035-06</u>  <u>ORDER</u>
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ISSUED: May 22, 2018

**BACKGROUND AND PROCEDURAL HISTORY**

On March 15, 2018, PacifiCorp, doing business as Rocky Mountain Power (“PacifiCorp”), filed an application (“Application”) requesting approval to revise the collection rates for the Renewable Energy Credits (“REC”) Balancing Account (“RBA”) in its P.S.C.U. No. 50 (“Tariff”) Electric Service Schedule No. 98, “REC Revenue Adjustment” (“Schedule 98”). PacifiCorp’s Application seeks an increase of approximately \$1.5 million, or 0.1 percent, which is the difference between the current Schedule 98 RBA surcredit collection level of approximately -\$1.0 million and the Application’s proposed collection level of approximately \$0.507 million. PacifiCorp requests an effective date of June 1, 2018 for the change.

PacifiCorp’s Application includes proposed modifications to Schedule 98.

Pursuant to the Public Service Commission’s (“PSC”) March 29, 2018 Scheduling Order and Notice of Interim Rates Hearing (“Scheduling Order”), the Division of Public Utilities (“DPU”) filed comments on April 26, 2018. No other party filed comments in this docket.

On May 17, 2018, the PSC’s designated Presiding Officer conducted a hearing to consider the Application.

**PACIFICORP'S APPLICATION**

PacifiCorp's proposed modification to Schedule 98 rates allocates the RBA revenue requirement surcharge to the various rate schedules over a one-year period beginning June 1, 2018. PacifiCorp determined the proposed 2018 RBA revenue requirement of \$0.507 million owed to PacifiCorp by adjusting the year end 2016 REC revenue deferral balance of \$2.355 million by the following items: 2017 Actual REC Revenue (-\$2.110 million); 10 percent retention incentive on incremental REC sales (\$0.211 million); 2017 Leaning Juniper Contract Revenue (-\$0.003 million); 2017 REC Revenues in base rates (\$2.0 million); 2017 REC revenue surcredit (-\$2.395 million); estimated Schedule 98 surcredit – January 2018 through May 2018 (\$0.440 million); carrying charges for 2017 deferral period (\$0.004 million); and carrying charges for the interim period of January 2018 through May 2018 (\$0.005 million).<sup>1</sup> PacifiCorp's testimony in support of its Application presents the actual 2017 REC revenues used to set rates in this docket, the calculation of the RBA balance for the various deferral periods, the proposed rate spread for the various deferral periods, and the final rate design.

With the exceptions noted below, PacifiCorp proposes to allocate the 2018 RBA deferral revenue to be collected from customers consistent with the Step 2 base RBA revenues the PSC approved in Docket No. 13-035-184, PacifiCorp's 2014 general rate case ("2014 General Rate Case").<sup>2</sup>

Consistent with past RBA filings, PacifiCorp proposes certain modifications to rate spread. First, PacifiCorp calculated the share of the deferred RBA balance for Schedule Nos. 7 (Security Area

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<sup>1</sup> See Exhibit RMP (THS-1) included with the Direct Testimony of Terrell H. Spackman, filed March 15, 2018.

<sup>2</sup> See *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 13-035-184 (Report and Order, issued August 29, 2014).

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Lighting Closed to New Service), 11 (Street Lighting Company-Owned System), 12 (Street Lighting Customer-Owned System), and 15 (Outdoor Nighttime Lighting Service, Traffic and Other Signal System Service Customer-Owned System) by multiplying the total deferred RBA balance by the percentage of REC revenue allocation the PSC approved for these schedules in Docket No. 12-035-68.<sup>3</sup> PacifiCorp asserts this is appropriate because the approved rate spread for these schedules in PacifiCorp's 2014 General Rate Case was zero. Second, the deferred REC revenue allocation for a contract customer, whose contract the PSC approved in Docket No. 15-035-81,<sup>4</sup> is based on the overall RBA percentage applicable to tariff customers in Utah. Third, consistent with the terms of the contract the PSC approved in Docket No. 16-035-33,<sup>5</sup> Contract Customer 3 is no longer subject to the RBA and therefore PacifiCorp does not allocate RBA costs to this customer. PacifiCorp then allocates the remaining REC revenue to the other customer classes consistent with the approved rate spread in the corresponding general rate case.

The following table provides a comparison of Schedule 98's current and proposed RBA refund/collection rates using the above allocation proposal.

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<sup>3</sup> See *In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account, by Crediting Revenues of Approximately \$4.0 Million*, Docket No. 12-035-68 (Order Establishing Final Rates, issued November 9, 2012).

<sup>4</sup> See *In the Matter of the Application of Rocky Mountain Power for Approval of the Electric Service Agreement between PacifiCorp and Nucor Corporation*, Docket No. 15-035-81 (Order Approving Electric Service Agreement, issued December 17, 2015).

<sup>5</sup> See *In the Matter of the Application of Rocky Mountain Power for Approval of an Energy Service Contract between PacifiCorp and Kennecott Utah Copper, LLC*, Docket No. 16-035-33 (Order, issued November 28, 2016).

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Schedule	Current Schedule No. 98 Refund Rate	Proposed Schedule No. 98 Collection Rate
Schedule 1	-0.06%	0.03%
Schedule 2	-0.06%	0.03%
Schedule 2E	-0.06%	0.03%
Schedule 3	-0.06%	0.03%
Schedule 6	-0.06%	0.03%
Schedule 6A	-0.09%	0.04%
Schedule 6B	-0.06%	0.03%
Schedule 7	-0.01%	0.01%
Schedule 8	-0.06%	0.03%
Schedule 9	-0.08%	0.04%
Schedule 9A	-0.09%	0.05%
Schedule 10	-0.05%	0.03%
Schedule 11	-0.01%	0.01%
Schedule 12	-0.01%	0.01%
Schedule 15 (Traffic and Other Signal Systems)	-0.04%	0.02%
Schedule 15 (Metered Outdoor Nighttime Lighting)	-0.04%	0.02%
Schedule 21	-0.16%	0.09%
Schedule 23	0.00%	0.00%
Schedule 31	*	*
Schedule 32	*	*

\*The rate for Schedules 31 and 32 shall be the same as the applicable general service schedule.

During the hearing, PacifiCorp provided a summary of its written testimony. PacifiCorp represented the net revenue requirement of \$0.507 million to be collected from Utah customers during the period June 1, 2018 through May 31, 2019 was calculated in a manner consistent with previous RBA filings. PacifiCorp recommends the PSC approve its request to refund this amount on an interim basis, beginning June 1, 2018.

**THE DPU'S COMMENTS AND TESTIMONY**

The DPU recommends the PSC approve the Application and the proposed changes to Schedule 98 as filed, effective June 1, 2018, on an interim basis until it completes its final audit of the RBA as provided in the Scheduling Order. The DPU does not oppose the three rate spread modifications PacifiCorp proposes.

According to the DPU, PacifiCorp indicated that it is actively marketing RECs through bilateral discussions with counterparties and brokers and plans to issue a reverse request for proposal for RECs on a quarterly basis.

During the hearing, the DPU testified that PacifiCorp's proposed allocation of the outstanding deferral balance across customer classes is consistent with the rate spread approved in the 2014 General Rate Case with certain exceptions.<sup>6</sup> Based on its preliminary review of the Application and its review of corresponding PSC orders, the DPU concludes that, in general, PacifiCorp has complied with the PSC's orders pertaining to Schedule 98 and recommends the PSC approve PacifiCorp's proposed revisions to Schedule 98 on an interim basis.

**DISCUSSION, FINDINGS AND CONCLUSIONS**

Based on the Application, the evidence presented, and the recommendation of the DPU, we find the Application is reasonable and consistent with our prior orders. Accordingly, the requested Schedule 98 rate changes are approved, effective June 1, 2018, on an interim basis, subject to further review of the DPU's final audit report and any associated comments.<sup>7</sup>

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<sup>6</sup> The PSC notes that, at hearing, the DPU referenced only two of the three rate spread modifications PacifiCorp proposes. In written testimony, the DPU identifies all three rate spread modifications.

<sup>7</sup> The Scheduling Order in this docket allows parties an opportunity to submit comments on the DPU's audit report by August 9, 2018 and the opportunity to provide reply comments by August 23, 2018.

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**ORDER**

- 1) PacifiCorp's Application for authority to revise Schedule 98 and implement a \$1.5 million rate increase is approved as filed on an interim basis, effective June 1, 2018, subject to the PSC's right to order a refund or surcharge following final review of the DPU's audit and any associated comments.
- 2) PacifiCorp's proposed modifications to Schedule 98, Sheet No. 98 are approved on an interim basis.

DATED at Salt Lake City, Utah, May 22, 2018.

/s/ Michael J. Hammer  
Presiding Officer

Approved and Confirmed May 22, 2018, as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#302311

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on May 22, 2018, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Data Request Response Center ([datarequest@pacificorp.com](mailto:datarequest@pacificorp.com), [utahdockets@pacificorp.com](mailto:utahdockets@pacificorp.com))  
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Administrative Assistant