



## 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

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

David Thomson, Utility Technical Consultant

**Date:** December 5, 2019

**Re: Docket No. 19-035-T17 and Docket No. 09-035-15, Application of Rocky Mountain Power for Approval of its Propose Energy Cost Adjustment Mechanism.**

### Recommendation (Approval)

The Division of Public Utilities (Division or DPU) has reviewed the Application and recommends the Public Service Commission (Commission or PSC) approve Rocky Mountain Power's (Company or RMP) Proposed Energy Cost Adjustment (EBA) Mechanism Schedule 94 Compliance Filing. The Division has reviewed the tariff sheets filed for Schedule 94 with the application and recommends the Commission approve the tariff sheets as filed.

### Issue

On November 14, 2019, the Commission issued an order in Docket No. 09-035-15 approving RMP's energy balance account (EBA) as an ongoing program, and directing RMP to file modifications to its Electric Service Schedule No 94, EBA Pilot Program (Schedule 94) deleting reference to a "pilot program" and to modify the carrying charge consistent with the Carrying

Charge Order.<sup>1</sup> It also ordered that any interested party may file comments on the future procedural schedule for the EBA by Monday March 2, 2020.<sup>2</sup> On November 21, 2019, consistent with the Commission Order in Docket 09-035-15, RMP issued its Compliance Filing modifying its Electric Service Schedule 94.

The Commission issued an Action Request to the Division on November 21, 2019 to review the application and make recommendations on the Company's filing by December 6, 2019. This memorandum responds to the Commission's Action Request.

## **Background**

On August 1, 2019, the Commission issued a request for comments seeking stakeholder input regarding the conclusion or continuation of the EBA as a pilot program. On September 16, 2019, RMP, the Division, the Office of Consumer Services, and the Utah Association of Energy Users each filed comments. The Commission then issued an order on November 14, 2019 making the EBA permanent, allowing RMP to recover 100% of prudently incurred net power costs, and adjusting the carrying charge on EBA balances.

Consistent with the Order, on November 21, 2019, RMP filed its changes to Schedule 94. In the filing, RMP enclosed revised tariff pages associated with Tariff P.S.C.U. No 50. The Company stated that the revised tariff sheets do not constitute a violation of state law or Commission rule. The tariff sheets reflect an effective date of January 1, 2020 and also have been modified to remove references to Pilot Program, interim rates, and the 70/30 sharing band.

## **Discussion**

The Division has reviewed the Fifteenth Revision of Sheet No. B.1, the Tariff Index. The Division also reviewed the revised Electric Service Schedule No. 94 Tariff sheets consisting of the Second Revision of Sheet No. 94.1, First Revision of Sheet No. 94.2, Second Revision of Sheet No. 94.3, Fifth Revision of Sheet No. 94.9, and Fifth Revision of Sheet No. 94.10. No

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<sup>1</sup> *In the Matter of a Request for Agency Action to Review the Carrying Charges Applied to Various Rocky Mountain Power Account Balances*, Docket No. 15-035-69, Order issued February 27, 2017.

<sup>2</sup> Docket No. 15-035-15, Order issued November 15, 2019.

other Schedule 94 Tariff Sheets were changed. The Division has reviewed the sheets without proposed changes and it appears they would not be affected by the order's requirement to delete references to a pilot program or to modifying the EBA carrying charge.

All revised sheets are shown as being filed November 21, 2019, with an effective date of January 1, 2020. They also state that they are issued by authority of Report and Order of the Public Service Commission of Utah in Docket No 09-035-15/19-035-T17.

The revision to Sheet No. B.1 removes "Pilot Program" from the Tariff Index.

The revisions to Second Sheet No. 94.1 remove "Pilot Program" from the sheet heading and language in the APPLICATION section indicating that the EBA Pilot would run until December 31, 2019. The EBA (Energy Balancing Account) section is changed to remove the sharing band and 100% recovery until December 31, 2019. In the EBA Carrying Charge section, the EBA annual interest charge is changed to be as specified in Electric Service Schedule No. 300, with such charge to be divided by 12 to calculate a monthly interest rate.

The revisions to Sheet No. 94.2 remove the reference to the first EBA deferral period from the EBA Deferral Period section. They also remove the EBA Effective Date section and the EBA Rate Effective Period section.

Revisions to Sheet No. 94.3 change the EBA Procedural Schedule. The proposed changes delete interim rate procedures and the related timing. The revised Tariff Sheets propose the following schedule.

1. Rocky Mountain Power will file its EBA application on or about March 15.
2. The DPU will complete its audit report and supporting testimony by November 15.
3. The PSC will hold a hearing on or about February 1 of the following year.
4. The PSC will issue an order by March 1 of the following year before the next EBA filing is made.
5. The EBA rate effective date will be March 1 for a rate effective period of 12 months.

The revisions to Sheet No. 94.9 take out calculations for a 70% sharing band EBA deferral in the EBA DEFERRED section and indicates the EBA deferral is Actual EBAC less Base EBAC times Actual MWH on a monthly Utah jurisdictional basis.

The revision to Sheet No. 94.10 makes the required change to carrying charges in the EBA CARRYING CHARGE section of the tariff sheet.

After review, the Division agrees with the changes. Specifically the revisions to Sheets B1, 94.1, 94.2, 94.9, and 94.10. They incorporate the orders of the Commission, as outlined above, into Schedule 94. In revising Sheet 94.3, the Company appears to be filing a comment on the future procedural schedule for the EBA. As explained in the Commission's November 14, 2019 order, this is permitted and was done before the Monday, March 2, 2020 deadline.

Procedures 1 and 2 above include the Company filing its EBA application on or about March 15, with the Division filing its audit report by November 15. The eight month time frame is the same as under the old tariff sheets. The Division believes this is adequate to perform an audit of the yearly NPC of the Company and appreciates that no procedural change to the audit timeframe was proposed by the Company. Except for a few minor changes, the Company's proposed procedures and timeframe in three, four, and five above are consistent with past procedures accepted by the Commission.

## **Conclusion**

The Division has reviewed the Application and tariff sheets filed by the Company and recommends the Commission approve the EBA Mechanism Schedule 94 compliance filing.

Cc: Jana Saba, Rocky Mountain Power  
Michele Beck, Office of Consumer Services  
Phillip Russell, Utah Association of Energy Users