

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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. 20-035-04
ORDER APPROVING TEST PERIOD

ISSUED: March 6, 2020

BACKGROUND

On January 17, 2020, Rocky Mountain Power (RMP) filed a Notice of Intent to File a General Rate Case and Request for Approval of Test Period (“Request”) with the Public Service Commission (PSC). In the Request, RMP seeks approval to use a test period of twelve months ending December 31, 2021, using a 13-month average rate base (“2021 Proposed Test Period”), in its general rate case (GRC) to be filed on or around May 5, 2020 (“2020 GRC”).¹ RMP intends the new rates determined in the 2020 GRC to be effective January 1, 2021. RMP attached written testimony in support of the Request pursuant to Utah Admin. Code R746-700-10(B)(1).

On February 26, 2020, the Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) each filed written testimony. On March 5, 2020, the PSC held a hearing to consider RMP’s proposed Test Period.

DISCUSSION, FINDINGS, AND CONCLUSIONS

RMP asserts the 2021 Proposed Test Period aligns with the 2020 GRC’s proposed rate-effective period and properly reflects the cost of providing service to customers. RMP’s costs in the 2020 GRC include those associated with the implementation of new depreciation rates and

¹ Under RMP’s proposal, the historical test period would be the 12-month period ended December 31, 2019 and the mid-test period closest to the filing date, as required under R746-700-10(A)(2), would be the 12-month period ended June 30, 2020.

RMP's major capital investments for the wind repowering projects and the new wind and transmission projects. RMP testifies the 2021 Proposed Test Period is the only test period that allows RMP to timely recover most of these costs without the need for multiple general rate cases or extensive use of alternative mechanisms or accounting deferrals. Further, RMP asserts the 2021 Proposed Test Period will not disadvantage any party or presume an outcome in the proceeding. RMP states it seeks a test period determination prior to filing its 2020 GRC to allow parties to efficiently focus their resources on the relevant aspects of the case.

The DPU recommends the PSC approve RMP's 2021 Proposed Test Period. The DPU represents the 2021 Proposed Test Period complies with relevant provisions of the Utah Administrative Code, Utah Code, and prior PSC orders and best reflects the conditions RMP will face during the rate-effective period. The DPU asserts the proposed test year reflects a fair balance of the competing interests of data certainty in a historical test period and the goal of choosing a test period that best reflects the rate effective period because of RMP's capital additions. Therefore, DPU concurs with RMP that, based on the timing of RMP's major capital investments and the increases in depreciation expenses, a 2021 test period will allow RMP a reasonable opportunity to recover costs associated with these projects. DPU testifies other test periods, for example an historical test period or an alternative test period, would not allow full recovery of all of the costs of these projects.

The OCS does not oppose RMP's 2021 Proposed Test Period. However, if there is a substantial delay beyond the anticipated May 2020 filing date for the 2020 GRC application,

OCS asserts a different base period may be appropriate to provide historical data in closer proximity to the later filing date.²

As we have previously stated, each GRC “needs to be considered on its own merits and the test period selected should be the most appropriate for that case.”³ Based on RMP’s 2020 GRC rate-effective period, the timing of RMP’s significant capital additions, the implementation of new depreciation rates, and the DPU’s testimony that the 2021 Proposed Test Period will allow RMP a reasonable opportunity to recover the costs associated with these items, we find the RMP’s 2021 Proposed Test Period is reasonable and best reflects the conditions RMP will face during the rate-effective period. Further, RMP’s and the DPU’s testimony pertaining to efficient review of the 2020 GRC and addressing the factors for consideration in test period selection identified in our October 20, 2004 Order in Docket No. 04-035-42⁴ support RMP’s 2021 Proposed Test Period. We also find reasonable the OCS’s proposal that a different base period may be required if RMP’s 2020 GRC filing is delayed thereby ensuring that appropriate historic data is used in the development of the case.

Based on our findings and the information provided in RMP’s Request, and in the absence of opposition, we find and conclude RMP’s 2021 Proposed Test Year meets the statutory requirements under Utah Code Ann. § 54-4-4(3), best reflects the conditions RMP will

² Utah Admin. Code R746-700-20(A) identifies the required historical results of operations information to be included in a GRC application.

³ *In the Matter of the Application of PacifiCorp for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations* (Order Approving Test Period Stipulation issued October 20, 2004); Docket No. 04-035-42.

⁴ *In the Matter of the Application of PacifiCorp for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations* (Order Approving Test Period Stipulation issued October 20, 2004); Docket No. 04-035-42.

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face during the rate effective period, and will allow RMP a reasonable opportunity to recover the costs associated with its capital projects and new depreciation rates. Therefore, we approve RMP's 2021 Proposed Test Year. Consistent with Utah Admin. Code R746-700-10(B), RMP need not provide the alternative test period demonstration required by Subsection (A)(2) of that rule. RMP shall timely notify the PSC and propose an alternative base period if its 2020 GRC filing will be significantly delayed.

ORDER

Based on the findings and conclusions expressed above:

- 1) We approve RMP's request to use a test period of twelve months ending December 31, 2021, using a 13-month average rate base, for its 2020 GRC to be filed on or around May 5, 2020.
- 2) RMP shall timely notify the PSC and propose an alternative base period if the 2020 GRC filing will be significantly delayed.

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DATED at Salt Lake City, Utah, March 6, 2020.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#312391

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Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the 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 fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, 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 Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on March 6, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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