

Rocky Mountain Power Utah General Rate Case

Docket No. 20-035-04

Technical Conference

Phase II: Cost of Service/Pricing

July 27, 2020



Cost of Service

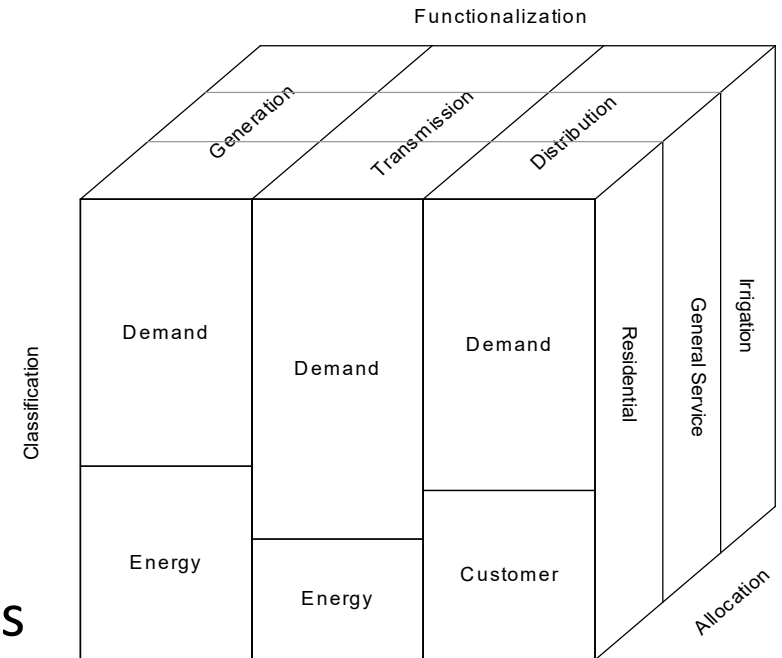
- Takes state allocated revenue requirement and allocates to customer classes including:

- Residential
- Schedule 23
- Schedule 6
- Schedule 8
- Schedule 9
- Irrigation
- Lighting

- Classifies into demand/energy/customer categories

- Functionalizes into Production/Transmission/Distribution/Retail/Misc.

- New sub-functional categories for Generation and Transmission



Cost of Service Results (RMM-1)

A	B	C	D	E	F	G	H	I	J	K	L	M	
Line No.	Schedule No.	Description	Annual Revenue	Return on Rate Base	Rate of Return Index	Total Cost of Service	Production Cost of Service	Transmission Cost of Service	Distribution Cost of Service	Retail Cost of Service	Misc Cost of Service	Increase (Decrease) to = ROR	Percentage Change from Current Revenues
1	1	Residential	730,624,117	5.64%	0.83	824,015,322	396,572,750	131,543,887	250,067,458	40,927,554	4,903,673	93,391,205	12.78%
2	6	General Service - Large	520,136,533	8.20%	1.21	506,792,189	319,459,304	99,399,474	84,674,851	175,970	3,082,589	(13,344,344)	-2.57%
3	8	General Service - Over 1 MW	146,556,965	7.82%	1.15	145,688,994	97,234,933	29,198,853	18,847,578	(457,903)	865,533	(867,972)	-0.59%
4	7,11,12	Street & Area Lighting	8,495,896	14.80%	2.18	6,602,987	1,666,810	383,108	4,263,634	256,977	32,459	(1,892,910)	-22.28%
5	9	General Service - High Voltage	268,905,448	6.26%	0.92	288,156,891	222,488,207	65,160,582	(246,425)	(922,734)	1,677,261	19,251,443	7.16%
6	10	Irrigation	17,699,554	6.73%	0.99	18,700,057	10,556,003	3,083,215	5,021,876	(72,887)	111,850	1,000,502	5.65%
7	15	Traffic Signals	802,613	8.75%	1.29	765,399	354,421	93,657	209,401	103,939	3,981	(37,214)	-4.64%
8	15	Outdoor Lighting	1,155,315	18.73%	2.76	790,875	560,399	115,938	88,505	21,990	4,042	(364,441)	-31.54%
9	23	General Service - Small	138,042,124	8.61%	1.27	131,795,161	73,529,290	21,539,659	33,007,282	2,914,417	804,513	(6,246,963)	-4.53%
10	SpC	Customer 1	31,382,220	4.81%	0.71	36,208,390	27,885,001	8,135,926	51,088	(72,524)	208,898	4,826,170	15.38%
11	SpC	Customer 2	31,485,131	7.65%	1.13	31,556,114	25,260,600	6,146,587	44,794	(55,123)	159,255	70,983	0.23%
12		Total Utah Jurisdiction	1,895,285,918	6.78%	1.00	1,991,072,378	1,175,567,719	364,800,886	396,030,043	42,819,677	11,854,053	95,786,460	5.05%

Rate Spread

- Guided by cost of service results
- Schedule 9 and Irrigation set midpoint
- Residential is 2% higher
- Schedule 6 and 8 are 1% less
- Schedule 23 is 3% less
- Lighting is set at cost of service
- RMM-4 shows in more detail

<u>Customer Class</u>	<u>Proposed Rate Change</u>
Residential	6.9%
Commercial and Industrial	
Schedule 23	1.9%
Schedule 6	3.9%
Schedule 8	3.9%
Schedule 9	4.9%
Irrigation	4.9%
Lighting Schedules	-21.4%

3 Year Proposed Rate Changes

- \$95m base increase
- Offset by \$44.4m tax credit that steps down over 3 years
- Federal Tax Act Adjustment
 - Allocated on F101 rate base allocator
 - Sur-credit set as percentage applied to Power and Energy charges
 - Consistent with past treatment
 - Calculation shown on RMM-4

Effective Date	Present Revenue (S000)	Base Increase (S000)	Tax Credit (S000)	Net Revenue (S000)	Net Increase
1/1/2021	2,001,696	95,870	(44,438)	2,053,128	2.6%
1/1/2022	2,001,696	95,870	(22,169)	2,075,397	1.1%
1/1/2023	2,001,696	95,870	-	2,097,566	1.1%

Retail Rate Unbundling

- Delivery
 - Distribution, retail, miscellaneous, and most of the transmission function
- Fixed Supply
 - Production function excluding costs in the EBA
- Variable Supply
 - Costs in the EBA
- Shown on RMM-5

Residential Rate Design

- Customer Service charge
 - \$6/month → \$6/month for multi-family; \$10/month for single family
 - Eliminate minimum charge
- Energy charges
 - May moves to lower cost Winter season
 - Seasonal differential set at 1.13 differential based upon EIM cost differential
 - Elimination of 3rd Summer tier

General Service Design

- Seasonal differential set at 1.13 differential based upon EIM cost differential
- May moves to lower cost Winter season
- Modernization of time of use periods for large customers
- Re-design of Schedule 6A
- Elimination of Schedule 21 and 6B
- Transition of Schedule 9A to 9

Modernization of time of use periods for large customers

- Moves middle of the day to off-peak
- Splits periods for Schedule 8 and 9 to stagger when customers roll off on-peak pricing
- Periods and differentials based on EIM prices

	Current Schedule 8 and 9	Proposed Schedule 8	Proposed Schedule 9
Winter Season	October-April	October-May	October-May
Summer Season	May-September	June-September	June-September
On-Peak Days	Mon-Fri, excluding holidays	Mon-Fri, excluding holidays	Mon-Fri, excluding holidays
Winter On-Peak Hours	7am-11pm	6am-10am & 6pm-12am(midnight)	6am-9am & 6pm-11pm
Summer On-Peak Hours	1pm-9pm	2pm-12am(midnight)	3pm-11pm

Re-Design of Schedule 6A

- Eliminates per kW Facilities charges
- Uses Declining kWh per kW blocks
- 22.5246¢ per kWh for the 1st 50 kWh/kW on average
- 6.1301¢ per kWh for all additional kWh/kW on average
- Mitigates extreme high cost for very low load factor customers
- Calculation shown on RMM-9
- Adjustment made to account for estimated migration from Schedule 6 to 6A
 - Forecast switch for 50 percent of customers who could save 10% or more

Large Customer Pilot Options

- Capped at 25 MW for each pilot
- Limit of 10 MW per customer
- Ability for customer to nominate levels not subject to pilots
- \$90/month administrative fee covers manual billing
- **Interruptible Service**
 - \$1/kW-month Interruptible Demand Credit
 - 20¢/kWh Interruptible Energy Credit
- **Real-Time Day Ahead Pricing**
 - Variable Supply Energy charges are shaped on day ahead CAISO price
 - Demand based upon highest 15 minute reading in top 100 hours by price

Lighting Price Re-Design

- Level of service instead of particular technology for Company-owned lights
 - Removes dis-incentive for Company to transition to more efficient LED lighting
 - Simplifies pricing (58 unique prices → 17 unique prices)
- Customer funded conversion option
 - Recognizes investment of early adopters
 - Customers can move towards more efficient lighting faster
- Open area lights up to new service again
- Lighting Cost Model (RMM-12)
 - Calculates new prices within Street and Area Lighting class

Questions

Western Resource Advocates Questions:

- *Please walk through how functionalized (and sub-functionalized) costs flow into the unbundled residential rate components.*
- *Why can't schedule 135, 136, or solar subscriber customers participate in Schedule 2E (EV TOU pilot)? Is it a metering issue?*

Questions

PSC Technical Staff Questions:

- *After reviewing the questions sent from PSC Technical Staff, the Company will make the following updates in rebuttal:*
 - On the “FUNC FACTORS - DECEMBER 2019.xlsm” workpaper
 - Change values in ‘GROSS PLANT’ to match up with the ‘GP’ and ‘IP’ tabs
 - One small revision to the Trapper Mine adjustment on the ‘GROSS PLANT’ tab
 - Eliminate double counting of Mining plant on ‘GROSS PLANT’ tab
 - Divide cells D9:D11 by 1,000 on the ‘GROSS PLANT’ tab
 - Change the calculation of the PT, PTD, and TD functional factors to be consistent
 - On the embedded cost of service study
 - Update formulas on row 220 on the ‘Dist. Factors’ tab
 - Update formulas on rows 1672 and 1886 on the ‘FuncStudy’ tab

Questions?

