

Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account	<u>DOCKET NO. 20-035-13</u> <u>ORDER</u>
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ISSUED: May 29, 2020

BACKGROUND AND PROCEDURAL HISTORY

On March 16, 2020, Rocky Mountain Power (RMP) filed an application (“Application”) with the Public Service Commission (PSC) requesting approval to revise the collection rates for the Renewable Energy Credits (REC) Balancing Account (RBA) in its Electric Service Schedule No. 98, “REC Revenue Adjustment” (“Schedule 98”). RMP’s Application seeks a decrease of approximately \$1.9 million, or 0.1 percent, which is the difference between the current collection level of approximately \$0.8 million and the Application’s proposed refund of approximately \$1.03 million. RMP requests an effective date of June 1, 2020 for the change. RMP’s Application includes proposed revisions to Schedule 98, Sheet No. 98.

The Division of Public Utilities (DPU) filed comments on April 24, 2020. No other party filed comments in this docket.

On May 19, 2020, the PSC conducted a hearing in this docket. RMP and DPU participated and testified. The Application and supporting evidence are uncontested.

RMP’S APPLICATION

RMP’s proposed modification to Schedule 98 rates allocates the 2019 RBA revenue variance to the various rate schedules over a one-year period, beginning June 1, 2020. RMP’s testimony in support of its Application presents the actual 2019 REC revenues used to set rates in

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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 certain exceptions, RMP proposes to allocate the 2020 RBA deferral revenue to be collected from customers consistent with the “Step 2” rate spread the PSC approved in RMP’s 2014 general rate case (“2014 GRC”).¹ Consistent with past RBA filings, RMP proposes certain modifications to rate spread.

The following table provides a comparison of Schedule 98’s current and proposed RBA refund/collection rates using RMP’s proposed allocation.

¹ See Report and Order, *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 (issued August 29, 2014).

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Schedule	Current Schedule No. 98 Rate	Proposed Schedule No. 98 Rate
Schedule 1	0.05%	-0.06%
Schedule 2	0.05%	-0.06%
Schedule 2E	0.05%	-0.06%
Schedule 3	0.05%	-0.06%
Schedule 6	0.05%	-0.07%
Schedule 6A	0.07%	-0.09%
Schedule 6B	0.05%	-0.07%
Schedule 7	0.01%	-0.02%
Schedule 8	0.05%	-0.06%
Schedule 9	0.07%	-0.09%
Schedule 9A	0.08%	-0.10%
Schedule 10	0.05%	-0.06%
Schedule 11	0.01%	-0.02%
Schedule 12	0.01%	-0.02%
Schedule 15 (Traffic and Other Signal Systems)	0.03%	-0.04%
Schedule 15 (Metered Outdoor Nighttime Lighting)	0.03%	-0.04%
Schedule 21	0.14%	-0.17%
Schedule 22	0.07%	-0.09%
Schedule 23	0.00%	0.00%
Schedule 31	*	*
Schedule 32	*	*

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

During the hearing, RMP provided a summary of its written testimony. RMP represented the net revenue deferral of \$1.03 million to be refunded to Utah customers during the period June 1, 2020 through May 31, 2021 was calculated in a manner consistent with previous RBA filings. RMP testified to and explained the basis for its calculations. RMP asks the PSC approve its request to refund this amount on an interim basis, beginning June 1, 2020.

DPU'S COMMENTS AND TESTIMONY

DPU recommends the PSC approve the Application and the proposed changes to Schedule 98 as filed, effective June 1, 2020, on an interim basis until it completes its final audit of the RBA as provided in the Scheduling Order.

According to DPU, RMP indicated that it is actively marketing RECs through bilateral discussions with counterparties and brokers and plans to issue periodic REC reverse requests for proposals. Additionally, in the past year, RMP repurposed a previous employee position into the new employee position of an environmental commodity trader. A primary focus of this new role is to optimize RMP's participation in the environmental commodity market for the benefit of RMP's customers.

During the hearing, DPU explained the process of calculating the deferral balance. Based on its preliminary review of the Application and its review of corresponding PSC orders, DPU represents that, in general, RMP has complied with the PSC's orders pertaining to Schedule 98 and recommends the PSC approve RMP's proposed revisions to Schedule 98 on an interim basis.

DISCUSSION, FINDINGS, AND CONCLUSIONS

Having reviewed the Application and supporting materials, the DPU's comments, and evidence presented at hearing, we find that there is substantial evidence to conclude the rates included in the Application are just, reasonable, and in the public interest. We also conclude the rates are consistent with our prior orders and applicable statutes. Accordingly, we approve the

requested Schedule 98 rate changes, effective June 1, 2020, on an interim basis pending DPU's final audit report and any associated comments.²

ORDER

- (1) We approve RMP's Application to revise Schedule 98 and implement a \$1.9 million rate decrease as filed on an interim basis, effective June 1, 2020, subject to further refund or surcharge contingent on the PSC's review of the DPU's audit and any associated comments.
- (2) RMP's proposed modifications to Schedule 98, Sheet No. 98 are approved on an interim basis.

DATED at Salt Lake City, Utah, May 29, 2020.

/s/ Michael J. Hammer
Presiding Officer

Approved and Confirmed May 29, 2020 as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#314033

² The Scheduling Order in this docket allows parties an opportunity to submit comments on DPU's audit report by August 4, 2020 and the opportunity to provide reply comments by August 18, 2020.

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 29, 2020, a true and correct copy of the foregoing was served upon the following as indicated below:

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