R. Jeff Richards (7294) Yvonne R. Hogle (7550) 1407 West North Temple, Suite 320 Salt Lake City, Utah 84116 Telephone No. (801) 220-4050 Facsimile No. (801) 220-3299 E-mail: robert.richards@pacificorp.com yvonne.hogle@pacificorp.com

Attorneys for Rocky Mountain Power

#### **BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism Docket No. 09-035-15

## OPPOSITION TO JOINT PETITION AND UIEC PETITION

Rocky Mountain Power hereby submits, under Rule R746-100-11.F.2 of the Utah Administrative Code, its Opposition to the Petition of UIEC, Office of Consumer Services and UAE for Reconsideration and Rehearing of Commission Order Issued February 16, 2017 filed March 20, 2017 (the "Joint Petition") and to the Petition for Reconsideration of Commission Order Issued February 16, 2017, or in the Alternative, Request for Clarification filed March 20, 2017 ("UIEC Petition," together with the Joint Petition, the "Petitions").

#### **INTRODUCTION**

The Commission's February 16, 2017 Order (the "2017 Interim Rates Order") in this case authorizing interim rates in the Company's energy balancing account ("EBA") proceedings, pending a final review and audit by the Division of Public Utilities (the "Division"), was grounded on sound legal authority and is in the public interest. The Joint Petition arguments that the 2017 Interim Rates Order authorizing interim rates was unlawful,

not rational or necessary, are wrong and without merit. The Legislature vested the Commission with broad powers to regulate public utilities, "and to do all things, whether herein specifically designated or in addition thereto, which are necessary or convenient in the exercise of such power and jurisdiction …"<sup>1</sup> including to establish interim rates in EBA proceedings.

The Joint Petition seeks rehearing under Utah Code Ann. § 54-7-15.<sup>2</sup> Because UIEC, the Office and the UAE intervention group ("Petitioners") have not met their burden for a rehearing, or for reconsideration for that matter, the Joint Petition must be denied.

While the Petitions attempt to paint the finding in the 2017 Interim Rates Order authorizing interim rates as erroneous, nothing presented in the Petitions is evidence that interim rates are prohibited as a matter of law or that no reasonable factual or policy basis exists for the Commission's decision. The Petitions also do not point to newly discovered evidence or issues,<sup>3</sup> or to facts or circumstances arising after the hearing that warrant rehearing or reconsideration. Thus the 2017 Interim Rates Order should stand and the Petitions denied.

#### ARGUMENT

The 2017 Interim Rates Order authorizing interim rates in EBA proceedings is lawful, in the public interest and should stand. The Commission has the power and jurisdiction to regulate public utilities and fix rates. The Commission has exercised its authority to fix interim rates in contexts outside of general rate cases and even in the absence of express statutory authority. The Legislature vests the Commission with the broad authority to implement interim

<sup>2</sup> The Petitions purport to seek reconsideration under Utah Code Ann. 63G-4-302. Section 63G-4-302 does not apply for two reasons. <u>First</u>, reconsideration is not available if agency review under 63G-4-301 is available. Utah Code Ann. 63G-4-302(1)(a). Here, review under 63G-4-301 is available to Petitioners. *See* Utah Code Ann. 54-7-15. <u>Second</u>, a request for reconsideration must be filed within 20 days after the date the order is issued. *Id.* Assuming, arguendo the statute applied, the Petitions were filed March 20, 2017 and would be untimely.

<sup>&</sup>lt;sup>1</sup> Utah Code Ann. § 54-4-1.

<sup>&</sup>lt;sup>3</sup> Re Investigation of Access Charges for Interlata and Intralata Telephone, 1991 W.L. 511035 (Utah P.S.C. 1991).

rates where such action is warranted so long as it is in the public interest and consistent with Title 54 of the Utah Code.

The absence of express statutory authority to implement interim rates in Utah Code Ann. § 54-7-13.5 (the "EBA Statute") should not be interpreted as a prohibition against their implementation. The Petitioners' argument that this "prohibition" is inconsistent with Title 54 of the Utah Code is incorrect. Likewise, their argument that there is no other legal authority from which the Commission can establish EBA interim rates is also wrong. Although Utah Code Ann. § 54-7-12(4)(a)(ii) and (iii) ("Interim Rates Rule") is included within the general rate case statute ("GRC Statute"), it provides appropriate legal basis to support interim rates in EBA proceedings and in other instances where warranted. It is not limited exclusively for interim rate requests in the context of general rate cases ("GRC Interim Rates Requests"). The arguments that changed circumstances do not justify EBA interim rates now, also fails. The Commission's consideration of changed circumstances including the lack of controversy over complex swap transactions in today's EBA, five years after denying interim rates in EBA proceedings, were appropriate in light of the longstanding position of the Division that additional time is needed to conduct the EBA audits. Finally, after the Joint Petition and UIEC Petition were filed, the Commission established a schedule in the Company's 2017 EBA filing with interim hearing dates where parties will have an opportunity to be heard and where the Company must establish an adequate prima facie showing that its proposed interim rate decrease is justified.<sup>4</sup> The Commission has addressed due process and the standard of proof

<sup>&</sup>lt;sup>4</sup> Interim Rate Rule, Utah Code Ann. § 54-7-12(4)(a)(iii).

and Petitioners' arguments otherwise are now moot. Based on the foregoing, the Commission should deny the Petitions.

# I. THE 2017 INTERIM RATES ORDER IS LAWFUL UNDER THE COMMISSION'S BROAD AUTHORITY TO REGULATE PUBLIC UTILITIES AND FIX RATES.

The 2017 Interim Rates Order authorizing interim rates in EBA proceedings is lawful. The Legislature vested the Commission with the "power and jurisdiction to supervise all of the business of every such public utility in this state, and to do all things, whether herein specifically designated or in addition thereto, which are necessary or convenient in the exercise of such power and jurisdiction ..."<sup>5</sup> In discharging its duties, the Commission can (a) approve rates or charges, from time to time that are "greater, or less, than those shown by the schedules;"<sup>6</sup> (b) change rates or charges upon 30 days' notice to the public which it can waive for good cause shown;<sup>7</sup> (c) decrease rates without a hearing;<sup>8</sup> (d) authorize changes to schedules within 30 days after their filing or within any lesser time, subject to its authority after a hearing to suspend, alter, or modify that schedule;<sup>9</sup> (e) allow a public utility to charge different compensation for products or services through different schedules or contracts if just and reasonable;<sup>10</sup> and (f) "by rule or order adopt any method of rate regulation that is consistent with [] Title 54, is in the public interest and is just and reasonable."<sup>11</sup> The method of rate regulation may include (i) rate designs using: volumetric rate components, demand rate components; fixed rate components, and variable rate components; (ii) rate stabilization

<sup>&</sup>lt;sup>5</sup> Utah Code Ann. § 54-4-1.

<sup>&</sup>lt;sup>6</sup> Utah Code Ann. § 54-3-2.

<sup>&</sup>lt;sup>7</sup> Utah Code Ann. § 54-3-3.

<sup>&</sup>lt;sup>8</sup> Utah Code Ann. § 54-7-12(2)(d)(ii).

<sup>&</sup>lt;sup>9</sup> Utah Code Ann. § 54-7-12(5)(a) (this statute expressly excludes "increases" but not "decreases").

<sup>&</sup>lt;sup>10</sup> Utah Code Ann. § 54-3-7.

<sup>&</sup>lt;sup>11</sup> Utah Code Ann. § 54-4-4.1.

methods; (iii) decoupling methods; (iv) incentive-based mechanisms; and "(v) other components, methods or mechanisms approved by the commission, among other things."<sup>12</sup>

The Commission's power and jurisdiction in its regulation of public utilities is sufficiently broad to implement interim rates outside of a general rate case. For example, the Commission has authorized interim rates in the context of the Company's renewable energy credits balancing account ("RBA account")<sup>13</sup> and in Questar's 191 balancing account.<sup>14</sup> The Commission also authorized "temporary" rates in a case involving contract rates charged to customers that were found to be discriminatory and preferential.<sup>15</sup> The Commission had the power to fix a temporary rate until general rates were approved in a separate proceeding, on the condition that if such rate was ultimately found to be excessive, the Company would be required to refund.<sup>16</sup> Notably, this decision was issued prior to the creation of the Interim Rates Rule. Thus, the Commission has authority to implement interim rates in EBA proceedings by order and under its broad powers as referenced above, so long as it is in the public interest and consistent with Title 54 of the Utah Code.

# II. THE COMMISSION HAS AUTHORITY TO IMPLEMENT INTERIM RATES IN EBA PROCEEDINGS.

a. <u>The EBA Statute Does Not Prohibit the Commission From Authorizing Interim</u> <u>Rates in EBA Proceedings</u>.

<sup>&</sup>lt;sup>12</sup> *Id*.

<sup>&</sup>lt;sup>13</sup> 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, Report and Order (May 30, 2012).

<sup>&</sup>lt;sup>14</sup> Questar Gar Company v. Utah Public Service Commission; 34 P.3d 218 (Utah 2001)(citing Utah Pub. Serv. Comm'n, Rep. and Order, No. 78-057-13, at 4 (April 3, 1979).

<sup>&</sup>lt;sup>15</sup> Utah Copper Co. v. Public Utilities Commission of Utah et al, 59 Utah 191 (Utah 1921).

<sup>&</sup>lt;sup>16</sup> Id.

The absence of references to "interim rates" or other methods of rate regulation from the EBA Statute does not mean the Commission is prohibited from implementing them in EBA proceedings, as suggested by Petitioners. For instance, the Commission authorized the EBA in 2012 with a 70/30 percent sharing band. Nothing in the EBA Statute references "sharing bands" yet the Commission found, based on recommendations by parties in the case including Petitioners, that the sharing band was justified and in the public interest under the theneffective EBA Statute, and considering certain facts and circumstances in 2012. Petitioners' argument that the Commission does not have the authority to implement interim rates in this case because "the EBA mechanism is a specific creature of a recent statute so the Commission's authority with respect to that mechanism is limited to those powers enumerated in the enabling EBA Statute,"<sup>17</sup> is misplaced and inconsistent with their broad interpretation of the EBA Statute in support of their recommendations for a 70/30 percent sharing band five years ago.

In their arguments for a narrow interpretation of the EBA Statute now, Petitioners rely on a case in which the Commission asserted its jurisdiction over government entities that organized as "Heber Light & Power" under the Interlocal Cooperation Act.<sup>18</sup> Heber Light & Power, by definition, was not a public utility and is generally exempt from Commission jurisdiction. In that case, Heber Light & Power was unlawfully providing service to customers outside of municipal boundaries and within the Company's service territory.<sup>19</sup> The central issue was whether the Commission had jurisdiction to regulate Heber Light & Power when it

<sup>&</sup>lt;sup>17</sup> Joint Petition, p. 7.

<sup>&</sup>lt;sup>18</sup> Heber Light & Power Company v. Utah Pub. Serv. Comm'n, 2010 UT 27, ¶ 17, 231 P.3d 1203 (Utah 2010).

<sup>&</sup>lt;sup>19</sup> Id.

sells power outside of municipal boundaries. The Utah Supreme Court found that the Commission did not have regulatory jurisdiction over a city under those circumstances, without "express statutory authority."<sup>20</sup> This case is different and easily distinguishable from that case. There is no question here that the Commission has regulatory powers and jurisdiction over public utilities and to order interim rates. In discharging those powers, the Commission has authorized (a) a 70/30 percent sharing band in the EBA and (b) interim rates in the RBA account; in Questar's 191 balancing account; and when contract rates have been found to be discriminatory to customers and preferential to one party – all without express statutory authority in Title 54 of the Utah Code. If the Commission has the authority to implement the sharing band in the EBA and to order interim rates in the instances described above, it can authorize interim rates in EBA proceedings.

b. Interim Rates Are a Method of Rate Regulation, Founded on Constitutional Principles and Also Authorized Under Utah Code Ann. § 54-4-4.1; Implementing them in EBA Proceedings is Consistent with their Purpose and in the Public Interest.

Interim rates have been part of rate regulation for decades and gained wide general acceptance as an early method of mitigating regulatory lag. For instance, in 1923 the United States Supreme Court upheld a temporary rate increase authorized by the Interstate Commerce Commission even though the increase was based on limited evidence.<sup>21</sup> After finding that the commission had provided the parties with the opportunity for a full hearing, the Court held that the requirements of due process were not violated by the provisional nature of the order nor because further investigation might require a change to the temporary rates.<sup>22</sup> The basis for

<sup>&</sup>lt;sup>20</sup> *Id.*, at 1209.

<sup>&</sup>lt;sup>21</sup> New England Div. Case, 261 U.S. 184 (1923).

<sup>&</sup>lt;sup>22</sup> Id.

this and other similar opinions at the time was to prevent confiscatory rates.<sup>23</sup> Thus constitutional principles against confiscatory rates provide not only the right but the obligation to authorize interim rates, irrespective of statutory authority, when warranted. In addition, Utah Code Ann. § 54-4-4.1 states:

(1)The commission may, by rule or order, adopt any method of rate regulation that is; (a) consistent with this title; (b) in the public interest; and (c) just and reasonable.

(2) In accordance with Subsection (1), a method of rate regulation may include: (a) rate designs utilizing: (i) volumetric rate components; (ii) demand rate components; (iii) fixed rate components; and (iv) variable rate components; (b) rate stabilization methods; (c) decoupling methods; (d) incentive-based mechanisms; and (e) other components, methods or mechanisms approved by the commission.

Interim rates are a method of rate regulation that the Commission would be authorized to implement under the foregoing statute.

Historically and independently from Section 54-4-4.1, the Commission previously (in the mid-seventies) authorized a pass through account and an energy balancing account for the Company to deal with volatile fuel costs and other costs and revenue items which the Commission felt were subject to rapid and unpredictable fluctuations.<sup>24</sup> These accounts were the predecessors of the EBA in its current form. Similar to the Questar 191 balancing account and its pass through account, interim rates were authorized as part of these predecessor EBA accounts by order and legislation.<sup>25</sup> The Joint Petition argues that "the Supreme Court has confirmed that interim rates result from limited powers not included in the EBA mechanism."<sup>26</sup>

 <sup>&</sup>lt;sup>23</sup> See e.g. Prendegast v. New York Co., 262 U.S. 43 (1923); Northwestern Bell Telephone Co. v. Hilton, 274 F. 384
(D. Minn. 1921); Love. v. Atchison, T. & S.F. Railway, 185 F. 321 (8<sup>th</sup> Cir. 1911).

<sup>&</sup>lt;sup>24</sup> See Utah Dep't of Bus. Regulation v. Pub. Serv. Comm'n, 720 P.2d 420 (Utah 1986) (citing Report & Order, Case No. 78-035-21, 79-035-03, pp. 14-17, ¶¶ 31-34 (July 20, 1979) and Utah Code Ann. § 54-7-12 (1975 Utah Laws, ch. 166, section 2)).

<sup>&</sup>lt;sup>25</sup> *Id*.

<sup>&</sup>lt;sup>26</sup> UIEC Petition, at 7.

However, the Joint Petition ignores important language from the Court decision cited. In its recognition of the Commission's "ample general powers to fix rates and establish accounting procedures," the Court confirmed the Commission's "limited authority to permit interim rate changes which are necessary because of unexpected increases in certain specific types of costs."<sup>27</sup> The current EBA was authorized to deal with the same types of volatile fuel and energy costs that have been found to be largely outside of the Company's control; thus, the Court has already confirmed that interim rates are appropriate and necessary in an environment of unexpected increases in fuel or energy costs. While references to "tentative orders" were part of the pass through statute that was mentioned by the Court as providing the authorization for interim rates, nothing in the EBA Statute prohibits their use in the EBA, and both constitutional and additional statutory authority exist to implement them. The essential purpose for interim rates that existed in the predecessor EBAs, exists today.<sup>28</sup> Interim rates here are not only necessary as they were in 1975, but are also in the public interest because they will allow (i) the Division more time to perform its audits and (ii) in the case of the 2017 EBA, the benefits of reduced rates to flow through to customers more quickly.

c. <u>The Commission Has Authority to Implement Interim Rate Increases or Decreases</u> <u>Filed by the Utility or Any Other Party at Any Time, Including in EBA</u> <u>Proceedings, Subject to the Commission's Right to Order a Refund or Surcharge,</u> <u>under Utah Code Ann. § 54-7-12(4)(a)(ii) and (iii)</u>.

The Commission correctly noted in its 2017 Interim Rates Order that the Interim Rates Rule makes no reference to a general rate case and therefore the Rule authorizes the

<sup>&</sup>lt;sup>27</sup> Questar Gas Co. v. Utah Pub. Serv. Comm'n, 2001 UT 93, ¶ 12 (quoting Utah Dep't of Bus. Regulation v. Pub. Serv. Comm'n, 720 P.2d 420, at 423.

<sup>&</sup>lt;sup>28</sup> See *NAACP v. Fed. Power Comm'n*, 425 U.S. 662, 669, 96 S.Ct. 1806, 48 L.Ed. 2d 284 (1976) in which the U.S. Supreme Court stated "[t]he public interest takes meaning from the purposes of the regulatory legislation in question."

Commission to implement interim rates. Although the Interim Rates Rule is included within the GRC Statute, it is not limited exclusively for interim rate requests in the context of GRC Interim Rates Requests. GRC Interim Rate Requests must be filed within 90 days of the filing of a general rate case increase or decrease. The Interim Rates Rule cannot be interpreted to apply only after a GRC Interim Rate Request is filed, as suggested by Petitioners. Doing so could potentially lead to unintended consequences.

For instance, the Commission must have the authority to order interim rates if it finds that certain rates are preferential or discriminatory, without being constrained by a requirement that the utility must first file a complete filing for a general rate change. Also, this narrow reading of the Interim Rates Rule would prohibit the Commission or any party from requesting an interim rate decrease in certain other instances, when appropriate, unless the utility files a general rate decrease request first. The Interim Rates Rule must be read to provide authority to the Commission to apply to any proposed rate increase or decrease and not as a result of the filing of a GRC application. For instance, in 1990, the Division filed with the Commission a request for an investigation into the reasonableness of US West Communication's ("US West") rates and seeking an interim rate reduction.<sup>29</sup> The Division's filing was in response to US West's filing of an incentive regulation plan in which US West proposed to invest hundreds of millions of dollars in capital improvements, to hold rates constant for four years and share earnings in excess of the 14 percent ROE with customers.<sup>30</sup> In the US West case, interim rate decrease considerations did not proceed on the basis of a previously filed general rate case application. The Company acknowledges that the language in the Interim Rates Rule and in the GRC Interim Rate Requests has changed over the years but this does not mean the Interim

<sup>&</sup>lt;sup>29</sup> Re US West Communication, 1990 W.L. 488876 (Utah P.S.C. 1990).

<sup>&</sup>lt;sup>30</sup> Id.

Rates Rule is limited as suggested by Petitioners. The Company agrees with the Commission's interpretation of the Interim Rates Rule given the potential unintended consequences described above, and further agrees that the Interim Rates Rule authorizes the Commission to implement interim rates in EBA proceedings.

# III. RESPONSE TO RECONSIDERATION AND REQUEST FOR CLARIFICATION REQUEST

#### a. The Petitions for Reconsideration Were Untimely and Must Be Denied.

The Petitions were filed March 20, 2017 and seek reconsideration under Utah Admin. Code R746-100-11.F.2 of the Commission Rules which allows parties to petition for "review or rehearing" within thirty (30) days of a final order. Petitions for reconsideration under the Administrative Procedures Act ("APA") must be filed within twenty (20) days of a final order.<sup>31</sup> Petitioners did not timely file their petitions for reconsideration under the Utah APA; thus, they should be disregarded. Instead, the Commission must consider the Joint Petition as a request for rehearing, and the UIEC Petition as a request for clarification.<sup>32</sup>

b. <u>Utah Code Ann. § 63I-1-254 Requires the EBA to Continue Until December 31,</u> 2019 and the Public Interest Under the EBA Statute Is Met by Ensuring the Company Recovers Only Prudently Incurred Costs.

The 2017 Interim Rates Order is clear that the EBA with no sharing bands is to continue

until December 31, 2019. However, the legislative history of the EBA in its current form is worth reviewing. The Utah Legislature amended Section 54-7-13.5 of the Utah Code through

<sup>&</sup>lt;sup>31</sup> Utah Code Ann. § 63G-4-302(1)(a).

<sup>&</sup>lt;sup>32</sup> The UIEC argued that the Company's own motion to strike in this phase of the case should be disregarded on procedural grounds; specifically for being untimely. See *UIEC's Response to Rocky Mountain Power's Motion to Strike*, Docket No. 09-035-15 (December 28, 2016). The Commission agreed and denied the Company's motion for that reason. See *Order on PacifiCorp's Motion to Strike*, Docket No. 09-035-15 (January 12, 2017). In addition, UIEC also argued the Company's own petition for reconsideration request in an earlier phase of this docket was untimely. See *UIEC's Opposition to Rocky Mountain Power's Petition for Clarification and Reconsideration or Rehearing*, Docket No. 09-035-15 (May 2, 2011).

Senate Bill 115 ("SB 115") during the 2016 legislative session.<sup>33</sup> An amendment added a new

Subsection (2)(d), as follows:

Beginning June 1, 2016, for an electrical corporation with an energy balancing account established before January 1, 2016, the commission *shall allow* an electrical corporation to recover 100% of the electrical corporation's prudently incurred costs as determined and approved by the commission under this section.<sup>34</sup>

Another amendment added a new Subsection (6), as follows:

The commission shall report to the Public Utilities and Technology Interim Committee before December 1 in 2017 and 2018 regarding whether allowing an electrical corporation *to continue to recover costs under Subsection* (2)(*d*) is reasonable and in the public interest.<sup>35</sup>

In addition, SB 115 added a new Subsection (2) to Section 63I-1-254 as follows:

Subsection 54-7-13.5(2)(d) is repealed on December 31, 2019.<sup>36</sup>

At the time SB 115 was passed by the Legislature, the EBA that was established by the

Commission as a pilot program in March 2011 and this case had been in existence well before January 1, 2016. The EBA allowed the Company to defer and amortize only 70 percent of the difference between its actual prudent EBA costs and the amount included in base rates. The EBA pilot program was originally set to conclude on December 31, 2015. However, in August 2014, the Commission approved a stipulation of the parties in the Company's 2014 GRC extending the pilot program for one more year through December 31, 2016.<sup>37</sup> In this context, the intent of the legislative amendments is clear.

<sup>&</sup>lt;sup>33</sup> Because the first amendment is not relevant in this case, the Company will not discuss it here.

<sup>&</sup>lt;sup>34</sup> Utah Code Ann. § 54-7-13.5(2)(d) (emphasis added).

<sup>&</sup>lt;sup>35</sup> *Id.* § 54-7-13.5(6) (emphasis added).

<sup>&</sup>lt;sup>36</sup> *Id.* § 63I-1-254(2).

<sup>&</sup>lt;sup>37</sup> See Report and Order, Docket No. 13-035-184 (Utah P.S.C. Aug. 29, 2014) at 9, 70.

First, the Legislature mandated that the Commission allow the Company to recover 100 percent of its prudent EBA costs.<sup>38</sup> Second, the Legislature directed that the Commission provide it with reports in December 2017 and 2018 "regarding whether allowing the Company to continue to recover 100 percent of its prudent costs is reasonable and in the public interest."<sup>39</sup> Third, the Legislature provided the Commission the ability to evaluate whether its mandated 100 percent recovery of prudently incurred costs would continue beyond December 31, 2019.<sup>40</sup>

The Commission derives its authority from the Legislature.<sup>41</sup> Here the Legislature has mandated that the EBA with no sharing bands continue through December 31, 2019. This clearly takes precedence over the Commission's March 2011 EBA Order<sup>42</sup> finding that the sharing band in the EBA was necessary to meet the public interest standard based on the then-effective EBA Statute (which excluded the 100 percent recovery requirement) and considering the EBA was a new pilot program. The EBA has existed for about five years and is no longer new. Under the current EBA Statute and the 2017 Interim Rates Order, EBA rates will be just, reasonable and in the public interest by providing parties significantly more time to audit an EBA that parties know well and with significantly less controversy, through interim rates to ensure the Company recovers only prudently incurred costs. The EBA Statute does not hinder any party's ability to review the prudence of these costs. Also, the public interest takes meaning from the purposes of the regulatory

<sup>&</sup>lt;sup>38</sup> See id. § 54-7-13.5(2)(d).

<sup>&</sup>lt;sup>39</sup> See id. § 54-7-13.5(6).

<sup>&</sup>lt;sup>40</sup> See id. § 63I-1-254(2).

<sup>&</sup>lt;sup>41</sup> Heber Light & Power Company v. Utah Pub. Serv. Comm'n, 2010 UT 27, ¶ 17, 231 P.3d 1203 (Utah 2010); See also Interwest Corp. v. Pub. Serv. Comm'n, 510 P.2d 919, 920 (Utah 1973) ("The Public Service Commission was created by the legislature and . . . can only exercise those powers granted by the legislature.")

<sup>&</sup>lt;sup>42</sup> See In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism (Report and Order, issued March 2, 2011), Docket No. 09-035-15. See also id. (Corrected Report and Order, issued March 3, 2011), and id. (Errata to Corrected Report and Order, issued March 16, 2011) ("March 2011 EBA Order").

legislation.<sup>43</sup> The purpose of SB 115 allowing recovery of 100 percent of prudently incurred costs in the EBA was to end the automatic disallowance of 30 percent of net power costs the Company had no opportunity to collect (under the prior EBA Statute and prior Commission orders), even if they had been prudently incurred. SB 115 now provides the same opportunity to the Company to collect 100 percent of prudently incurred net power costs that Questar has.

Finally, and in response to the UIEC's request for clarification regarding the purpose of the 2017 and the 2018 Reports, the intent of Utah Code Ann. § 54-7-13.5(6) was to provide the Commission the opportunity to report to the Legislature whether an EBA with no sharing bands would be in the public interest beyond December 31, 2019. It was not to allow the Commission to end the EBA prior to December 31, 2019, as the UIEC suggests. If the argument that the Commission could terminate the EBA prior to December 31, 2019 were accepted, the requirement that the Commission "shall allow" the Company to recover 100 percent of its prudent costs through December 31, 2019 would be rendered meaningless.<sup>44</sup> Likewise, the requirement that the Commission provide reports to the Legislature "regarding whether allowing an electrical corporation *to continue to recover costs under Subsection (2)(d)* is reasonable and in the public interest" would be superfluous.<sup>45</sup> The Company takes no position on the remaining requests for clarification.

#### CONCLUSION

For the foregoing reasons, the 2017 Interim Rates Order should stand as being lawful and in the public interest. The Commission should deny the Petitions on procedural grounds to the

<sup>&</sup>lt;sup>43</sup> See footnote 28, *supra*.

<sup>&</sup>lt;sup>44</sup> Utah Code Ann. §§ 54-7-13.5(2)(d) and 63I-1-254(2).

<sup>&</sup>lt;sup>45</sup> *Id.*, § 54-7-13.5(6) (emphasis added).

extent they seek reconsideration, and deny rehearing and reconsideration on the basis that Petitioners have not met their burden.

DATED this 4<sup>th</sup> day of April, 2017.

ROCKY MOUNTAIN POWER nne Yvonne R. Hogle

Assistant General Counsel

## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this **OPPOSITION TO JOINT** 

**PETITION AND UIEC PETITION** was served by email, to the following:

## **Utah Industrial Energy Consumers**

F. Robert Reeder - <u>bobreeder@parsonsbehle.com</u> William J. Evans - <u>bevans@parsonsbehle.com</u> Vicki M. Baldwin - vbaldwin@parsonsbehle.com

# **Utah Association of Energy Users**

Gary A. Dodge - <u>gdodge@hjdlaw.com</u> Kevin Higgins - <u>khiggins@energystrat.com</u> Neal Townsend - <u>ntownsend@energystrat.com</u>

Wal-Mart Stores Ryan W. Kelly - <u>ryan@kellybramwell.com</u> Steve W. Chriss - <u>Stephen.chriss@wal-mart.com</u>

# Salt Lake Community Action Program

Betsy Wolf - <u>bwolf@slcap.org</u>

## Western Resource Advocates

Steven S. Michel - <u>smichel@westernresources.org</u> Nancy Kelly - <u>nkelly@westernresources.org</u> Penny Anderson - penny@westernresources.org

## **Utah Clean Energy**

Sarah Wright - <u>sarah@utahcleanenergy.org</u> Kevin Emerson - <u>kevin@utahcleanenergy.org</u> Brandy Smith - <u>brandy@utahcleanenergy.org</u>

# **IBEW, Local 57**

Arthur F. Sandack - asandack@msn.com

## Nucor Steel-Plymouth, a Division of Nucor Corporation

Peter J. Mattheis - <u>pjm@bbrslaw.com</u> Eric J. Lacey - <u>elacey@bbrslaw.com</u> Gerald H. Kinghorn - <u>ghk@pkhlawyers.com</u> Jeremy R. Cook - jrc@pkhlawyers.com

## Assistant Utah Attorneys General

Patricia Schmid - <u>pschmid@utah.gov</u> Justin Jetter - <u>jjetter@utah.gov</u> Robert Moore - <u>rmoore@utah.gov</u>

#### **Utah Office of Consumer Services**

Cheryl Murray - <u>cmurray@utah.gov</u> Michele Beck - <u>mbeck@utah.gov</u>

# **Division of Public Utilities**

Chris Parker – <u>chrisparker@utah.gov</u> William Powell - <u>wpowell@utah.gov</u> Erika Tedder – <u>etedder@utah.gov</u>

# **Rocky Mountain Power**

Robert C. Lively - <u>bob.lively@pacificorp.com</u> Yvonne Hogle - <u>yvonne.hogle@pacifcorp.com</u> Data Request Response Center - <u>datarequest@pacificorp.com</u>

Jennifer Angell () Supervisor, Regulatory Operations