

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism	<u>DOCKET NO. 09-035-15</u>
Rocky Mountain Power’s Proposed Tariff Revisions to Electric Service Schedule No. 94, Energy Balancing Account	<u>DOCKET NO. 22-035-T05</u> <u>ORDER APPROVING APPLICATION AND TARIFF</u>

ISSUED: March 30, 2022

SYNOPSIS

The Public Service Commission (PSC) approves Rocky Mountain Power’s (RMP) application, as revised, to establish an interim rate process in the energy balancing account (EBA) mechanism tariff Schedule 94 (“Schedule 94”).

1. BACKGROUND AND PROCEDURAL HISTORY

On December 10, 2021, RMP filed an Application to Establish Interim Rate Process in the EBA (“Application”). The Division of Public Utilities (DPU) filed comments on January 19, 2022. On February 24, 2022, the PSC issued an Order Denying Application (“Order”), reasoning that the tariff sheets that RMP included with its Application setting a schedule for future EBA dockets did not comply with the provision in Utah Code Ann. § 54-7-13.5(2)(1)(ii) requiring the PSC to issue a final order establishing and fixing an electrical corporation’s balancing account “before the expiration of 300 days after the day on which the electrical corporation files a complete filing.”

RMP filed replacement tariff sheets on March 2, 2022 (“Tariff”)¹ setting forth a new procedural schedule for an interim rate process in Schedule 94. DPU filed comments on March

¹ The PSC opened Docket No. 22-035-T05 when RMP filed its Tariff.

7, 2022. No other party filed comments on the Tariff before the March 17, 2022 or March 24, 2022 comment and reply deadlines, respectively.

2. RMP'S REVISED PROCEDURAL SCHEDULE

RMP's revised procedural schedule proposed in its Tariff is as follows:

- (1) RMP will file its EBA application on or about March 15;
- (2) On or before May 1, the PSC will determine whether to approve interim rates with an amortization period through June 30 of the following year, effective May 1;
- (3) DPU will complete its audit and file its report and supporting testimony by September 21;
- (4) the PSC will hold a hearing on or about December 9;
- (5) the PSC will issue an order on or about January 9 the following year before the next EBA filing is made, after which a true-up of rates could be ordered;
- (6) Any true-up to interim rates will go into effect July 1, and be amortized through June 30 of the year following the year the application is filed unless otherwise determined by PSC order.

In addition, RMP states that the proposed procedural schedule will apply to the 2022 EBA, but that RMP will make another tariff filing in January 2023 to propose a new schedule beginning with the 2023 EBA filing and going forward. This will result in interim rates related to the 2022 EBA that will be amortized over a 14-month, rather than a 12-month, period, between May 1, 2022, and June 30, 2023. RMP states that this single-period EBA procedural schedule anomaly will allow 2022 EBA interim rates to go into effect on May 1, 2022, allowing rate recovery to begin sooner and the recovery amount, which RMP states it expects will be significant, to be amortized over more months, providing rate stability to RMP customers.

RMP's anticipated future EBA procedural schedule, beginning with the 2023 EBA filing, is as follows:

- (1) RMP will file its EBA application on or about May 1;
- (2) On or before July 1, the PSC will determine whether to approve interim rates with an amortization period through June 30 of the following year, effective July 1;
- (3) DPU will complete its audit and file its report and supporting testimony by November 7;
- (4) the PSC will hold a hearing on or about January 26 of the following year;
- (5) the PSC will issue an order on or about February 25 of the following year before the next EBA filing is made, after which a true-up of rates could be ordered;
- (6) Any true-up to interim rates will go into effect July 1, and be amortized through June 30 of the year following the year the application is filed unless otherwise determined by PSC order.

Though RMP included this schedule in its Tariff filing cover letter, it is not yet formally proposing this schedule.

In support of its Application, RMP states that “[t]he use of interim rates is in the interest of customers because it more closely aligns the timing of when the costs are incurred to provide electric service to customers to the costs being recovered in [customers’] rates, mitigating concerns about intergenerational inequities and regulatory lag.”² Its revised EBA procedural schedule, RMP states, will include such an interim rate process but also accommodate new time limitations.

3. DPU COMMENTS AND RECOMMENDATIONS

In its comments, DPU states that DPU and RMP agree on the proposed EBA procedural schedule included in RMP’s replacement Tariff filing and that the Tariff filing does not constitute a violation of state law or PSC rule, and recommends that the PSC approve the revised Tariff.

² Application at ¶ 8.

4. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW

Under Utah Code Ann. § 54-7-13.5(2)(k), the PSC “may consider an interim rate request made as a part of an electrical corporation's filing an energy balancing account,” and, after holding a hearing on such request, the PSC “may allow any rate increase or decrease, or a reasonable part of the rate increase or decrease, to take effect on an interim basis, subject to the [PSC’s] right to order a refund or surcharge” so long as “[t]he electrical corporation or the other party [makes] an adequate prima facie showing that ... the proposed interim rate appears consistent with prior years’ filings; and ... the interim rate requested is more likely to reflect actual power costs than the current base rates.”³

As we stated in the Order, RMP’s current EBA process results in RMP incurring costs in excess of two years before they are reflected in Tariff Schedule 94 rates.⁴ The PSC finds that RMP’s proposed interim rate process is in the public interest because it accords with principles of cost causation by more closely aligning customer rates with actual costs incurred by RMP, while also providing a mechanism for correcting rates after the interim period to ensure that RMP customers only pay for costs RMP actually incurs.

ORDER

Based on those findings, the PSC’s review of the Application and the Tariff, and on DPU’s comments and recommendations, the PSC concludes that RMP’s Application and Tariff are just, reasonable, and in the public interest.

³ Utah Code Ann. § 54-7-13.5(2)(k).

⁴ Application at ¶ 9.

RMP's Application, as revised by RMP's March 2, 2022 Tariff filing, is approved.

RMP's March 2, 2022 revised Tariff Sheet No. 94.3 is approved as filed, effective May 1, 2022.

DATED at Salt Lake City, Utah, March 30, 2022.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#323215

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 30 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. §§ 63G4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on March 30, 2022, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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