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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Increase Rates by \$29.3 Million or 1.7 Percent through the Energy Balancing Account)	DOCKET NO. 12-035-67
)	OBJECTION OF ROCKY MOUNTAIN POWER TO DIVISION OF PUBLIC UTILITIES' REQUEST FOR REHEARING

Pursuant to Utah Admin Code R746-100-11(F), Rocky Mountain Power (“Rocky Mountain Power” or “Company”) hereby responds to the Division of Public Utilities’ Request for Rehearing (“Request”) filed with the Public Service Commission of Utah (“Commission”) September 26, 2012.

The Company realizes the auditing process approved for the Company’s energy balancing account (“EBA”) is different from the auditing process approved for and used in the Questar 191 account. However, there are significant differences between how the Company’s EBA is processed relative to how the Questar 191 account is processed that warrant the need for a less flexible schedule for the Company’s EBA. For this and other reasons set forth below, the Company is opposed to changing the schedule set forth in the Commission’s Order on EBA Interim Rate Process, issued in this docket on August 30, 2012 (“Order on Interim Rates”).

The Company is mindful of the effort it will take to audit the Company's annual EBA applications. The Commission has considered this and other factors cited by the Commission in its findings in the Order on Interim Rates and in prior orders issued related to the EBA. For example, the Company must file monthly reports indicating, among other things, actual monthly net power costs incurred. This makes it possible for the Division to begin auditing the EBA as soon as it receives such information each month. There is no reason for the Division to wait to start performing its audit until after a full year of actual costs are incurred and a filing is made by the Company.

Thus far, the Company has provided the Division with monthly reports through June 2012 to facilitate the Division's early audit of the Company's upcoming 2013 EBA application. The Division argues that because the hearing on the EBA for the "stub period" is scheduled for January 2013, it is likely the Division will not begin to thoroughly review the 2012 monthly filings until after that hearing.¹ The Company recognizes the audit process in place is new for the Division and that review of the Company's 2012 EBA application continues, but the Company recommends that the Division begin its substantive review of the Company's 2012 monthly reports as soon as possible.

The current schedule imposed by the Commission in its Order on Interim Rates is justified because the Company would otherwise not be able to collect its costs on a timely basis. Leaving the schedule completely "open" as the Division recommends will serve only to create or increase intergenerational issues and delay the collection of the Company's costs, to the Company's detriment. It would also ultimately be to the Company's customers' detriment because of compounding carrying charges on the costs that would be paid through a drawn out

¹ *In the Matter of the Application of Rocky Mountain Power to Increase Rates by \$29.3 Million or 1.7 Percent through the Energy Balancing Account*, Division of Public Utilities' Request for Rehearing, Docket no. 12-035-67, September 26, 2012, p. 2.

process and because of failure to provide timely price signals to customers regarding the costs of serving them.

The Company disagrees that the schedule established by the Commission is inflexible. For example, the Commission did not set forth specific dates for testimony to be filed. This shows that the current schedule is reasonably flexible. Nevertheless, the Company believes that it is necessary to have an end-date in place for both the completion of the Division's audit and the effective date of the EBA rates. Customers will benefit as well as they have a predictable process and dates that make it easy for them to plan and budget on an annual basis. In addition, it is always possible for the Division or any other party to seek an exception to the schedule in extraordinary circumstances. However, rather than making the exception the rule, the schedule established by the Commission should apply unless extraordinary circumstances justify an exception.

Finally, as the Division has acknowledged, the Company, pursuant to agreement, will not file a rate case application in 2013. This should help alleviate the bulk of the Division's concern over its first audit of a 12 month deferral period ending December 2012 for the Company's upcoming 2013 EBA application.

Based on the foregoing, the Company objects to the Division's recommendation to change the schedule set forth in the Order on Interim Rates.

RESPECTFULLY SUBMITTED this 11th day of October, 2012

ROCKY MOUNTAIN POWER

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CERTIFICATE OF SERVICE

I hereby certify that on October 11, 2012, a true and correct copy of the foregoing was served by electronic mail to the following:

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