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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER FOR AUTHORITY) Docket No. _____
TO REVISE RATES IN TARIFF SCHEDULE 98,)
RENEWABLE ENERGY CREDITS BALANCING)
ACCOUNT, BY CREDITING REVENUES OF)
APPROXIMATELY \$4.0 MILLION)

**APPLICATION TO REVISE RATES IN TARIFF SCHEDULE 98, RENEWABLE
ENERGY CREDITS BALANCING ACCOUNT, BY CREDITING REVENUES OF
APPROXIMATELY \$4.0 MILLION**

Comes now Rocky Mountain Power (“Rocky Mountain Power” or the “Company”), with an Application to the Public Service Commission of Utah (“Commission”) respectfully requesting an Order approving a rate change in the Renewable Energy Credits Balancing Account (“RBA”), tariff Schedule 98, pursuant to the terms and conditions of the tariff. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is a regulated public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to

retail customers in Utah. The Company provides retail electric service to over 830,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main, Suite 2300, Salt Lake City, Utah 84111.

3. Communications regarding this filing should be addressed to:

David L. Taylor
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Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
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In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word or plain text format to the following:

By email (preferred):
datarequest@pacificorp.com
dave.taylor@pacificorp.com

By regular mail:
Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Informal questions may be directed to Dave Taylor at (801) 220-4050.

4. In its order issued in multiple dockets, including Docket No. 10-035-124 (“2011 GRC”), the Commission approved the Stipulation (“2011 Stipulation”) agreed to by the Company and eight other parties, which included the approval of the implementation of a new Tariff Schedule 98 to account for REC revenues (“Tariff Schedule 98”). Tariff Schedule 98

tracks the difference between REC revenues included in rates and actual REC revenues collected from the sale of RECs by the Company.

5. The variances between REC revenues included in rates and actual REC revenues collected are identified and deferred each month for one full calendar year.

6. Annually on March 15, an RBA application is filed to present the variances, including applicable carrying charges, with a 100 percent true-up for the difference between the amounts in rates and actual sales occurring through Tariff Schedule 98.

7. The collection or credit under Tariff Schedule 98 is to be made annually, effective June 1.

8. This Application is the first deferred RBA rate adjustment under the RBA.

9. In this RBA filing, the deferral period was January 1, 2011 through December 31, 2011 (“Deferral Period”). For this Application only, the Company is including an estimate of the Tariff Schedule 98 REC surcredits that will be returned to ratepayers during the period January 1, 2012 through May 31, 2012, as explained further below. In total, the Company calculated a \$4.0 million deferral balance (“Total Deferred Balance”) to be credited to customers.

10. In support of this Application, the Company has provided the testimony and exhibits of Ms. Stacey Kusters, Director of Origination, Mr. Steven McDougal, Director of Revenue Requirements and Mr. William Griffith, Vice President of Regulation for Pacific Power. Ms. Kusters’ testimony addresses the historical REC sales that will be used in the calculation to set the Tariff Schedule 98 credit. Mr. McDougal’s testimony addresses the allocation of total Company sales to Utah and the calculation of the deferral component to true-up calendar year 2011 REC sales. Mr. Griffith will address the Company’s proposed REC revenue spread and REC rates in this case.

11. In her direct testimony, **Confidential Exhibit RMP___(SJK-1)**, Ms. Kusters presents the total Company REC revenues received for calendar year 2011. In her **Confidential Exhibit RMP___(SJK-2)**, Ms. Kusters provides total Company REC sales by entity, price tag, resource and vintage during the Deferral Period, with the exception of November and December, 2011. Although total Company REC sales are final, the allocation of REC revenue among the Company's jurisdictions depends on the resources to which the REC sales are attributed. This assignment of Company resources to RECs sold occurs after the fact, once output from Company facilities is known and as various REC sales contracts are settled. Although total REC revenue for calendar year 2011 is known, at the time of this filing the assignment of RECs sold to individual resources in November and December 2011 was estimated since the details are not finalized. The difference between estimated and actual amounts will have a minimal impact on the Utah allocated amount, and the Company will account for such amounts in the next RBA filing.

12. Mr. Steve McDougal's direct testimony, **Exhibit RMP___(SRM-1)**, shows a table summarizing the Total Deferred Balance in the RBA of approximately \$4.0 million.

13. **Exhibit RMP___(SRM-2)** shows the Utah allocated REC revenue deferred credit balance for December 31, 2011, (established, through settlement, in the 2011 GRC), of approximately \$39.5 million shown on line 12. This represents the Utah-allocated amount of REC revenues deferred from February 22, 2010 through December 31, 2011, and is the January 1, 2011 beginning balance of the RBA.

14. The actual REC sales revenue received by the Company during the 2011 Deferral Period was approximately \$72.8 million on a total Company basis, or \$41.7 million on a Utah-allocated basis, as illustrated in **Exhibit RMP___(SRM-2)**, line 3.

15. The REC revenue in base rates during 2011 was determined, for the period from January 1, 2011 through September 20, 2011, using the REC revenue amounts as set in Docket 09-035-23 (“2009 GRC”), as adjusted by the Major Plant Addition stipulation in Docket 10-035-89 (“MPA Stipulation”). Starting September 21, 2011, REC revenues in base rates are calculated using the 2011 Stipulation.

16. The 2009 GRC established a total amount of REC revenue of approximately \$9.9 million on a Utah-allocated basis, and subsequently revised in the MPA Stipulation to include an additional \$0.76 million, for a total of approximately \$10.66 million from January 1, 2011 through September 20, 2011. This total amount is reflected as a monthly amount of REC revenues from January through September in **Exhibit RMP___(SRM-2)** on line 8.

17. The 2011 Stipulation established a total amount of REC revenue in rates of \$50.9 million on a Utah-allocated basis for the period September 21, 2011 through December 31, 2011. Accordingly, the total amount is reflected as a monthly amount of REC revenues from September through December in **Exhibit RMP___(SRM-2)** on line 8. The total amount of REC revenues in base rates for 2011 are approximately \$21.9 million, shown in the total column **Exhibit RMP___(SRM-2)** on line 8.

18. The MPA Stipulation established a monthly \$3.0 million surcredit to customers starting January 1, 2011, which Utah customers were to receive until the rates in the 2011 GRC became effective September 21, 2011. The amounts that were credited are reflected in **Exhibit RMP___(SRM-2)** on line 9.

19. A new surcredit was established pursuant to the 2011 Stipulation beginning September 21, 2011 through May 31, 2012, also shown on **Exhibit RMP___(SRM-2)** on lines 9 and 16. Because the surcredit varies by month and since actual 2011 REC sales were not known

at the time of the 2011 Stipulation, parties agreed that any remaining balance would be subject to true-up in this RBA filing. In total, Utah ratepayers received approximately \$37.5 million in surcredits through Schedule 98 during calendar year 2011, shown on **Exhibit RMP___(SRM-2)** on line 9, in the total column.

20. The estimated Schedule 98 surcredit, for the period beginning January 1, 2012 through May 31, 2012 is estimated to be approximately \$20.4 million, shown in **Exhibit RMP___(SRM-2)** on line 16, in the total column. Even though this filing is intended to be a true-up for calendar year 2011 REC revenues, the estimated amounts are included in accordance with the 2011 Stipulation in which parties agreed that the deferral balance established therein was to be returned to customers through May 31, 2012 and trued-up in this RBA filing.

21. The Company included approximately \$2.2 million of carrying charges for calendar year 2011 at the Company's most recently approved cost of debt, shown in **Exhibit RMP___(SRM-2)** on line 14, and estimated carrying charges from January 1, 2012 through May 31, 2012 in the amount of \$355,892, also shown in **Exhibit RMP___(SRM-2)** on line 19.

22. The Company has allocated the proposed approximate \$4.0 million RBA credit across customer classes consistent with the approved spread of REC revenues in 2011 GRC, which applies the proposed RBA credit as illustrated below:

Customer Class	Proposed Percentage
Residential	
Schedules 1, 2, 3	(0.2)%
General Service	
Schedule 23	(0.3)%
Schedule 6	(0.3)%
Schedule 8	(0.3)%
Schedule 9	(0.3)%
Irrigation	
Schedule 10	(0.2)%
Public Street and Area Lighting Schedules	
Schedules	
7, 11, 12	0.0%
Schedule 15	(0.1)%

On an overall basis, based on the forecast test period 12 months ending May 2013, this proposal would result in an overall credit of 0.2 percent to tariff customers in Utah.

23. Mr. William Griffith's direct testimony, **Exhibit RMP___(WRG-1)**, contains the Company's proposed rate spread which follows the REC rate spread from the 2011 GRC as discussed above. **Exhibit RMP___(WRG-2)** contains the billing determinants and the calculations of the proposed REC rates in this case. **Exhibit RMP___(WRG-3)** contains the proposed rates for Tariff Schedule 98. The current Schedule 98 rates will terminate on May 31, 2012, and the Tariff Schedule 98 rates will become effective on June 1, 2012.

24. Pursuant to the terms and conditions of the RBA, the rate effective date of the proposed rate credit of approximately \$4.0 million is June 1, 2012.

WHEREFORE, by this Application, Rocky Mountain Power respectfully requests that the Commission approve the proposed rate credit of approximately \$4.0 million, effective on June 1, 2012.

DATED this 15th day of March, 2012.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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