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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: Public Service Commission

From: The Office of Consumer Services
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Division of Public Utilities
Chris Parker, Director
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Date: May 10, 2012

Subject: Docket 12-035-68 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.

Background

On March 15, 2012 Rocky Mountain Power (Company) filed an Application to revise rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account. Tariff Schedule 98 tracks the difference between the renewable energy credit revenues included in rates and actual revenues the Company collects from the sale of Renewable Energy Credits (RECs) on a monthly basis. A true-up for any difference is to be filed on March 15 annually. This is the first Application to adjust rates under this Tariff.

On April 27, 2012 the Division of Public Utilities (Division) filed its recommendation that the Public Service Commission (Commission) approve the Company's request to change Schedule 98 as filed and approve the rate decrease on an interim basis. The Division will complete its audit and file a final recommendation by September 14, 2012.

Discussion

The Office has reviewed the filing, testimony and exhibits provided by the Company as well as the information included with the Division's memorandum. In addition we have reviewed Rocky Mountain Power's data request responses provided to date. Based on our preliminary review the Office recommends that the Commission approve the

Company's request to revise Schedule 98 rates on an interim basis pending the outcome of the Division's final audit. However the Company should be required to resubmit the proposed rate spread as explained below. The Office will conduct further analysis following receipt of the Division's final audit and recommendation and provide our final recommendation.

Billing Determinants

The Office recommends that the proposed allocation of costs among customer classes should be revised using the stipulated billing determinants approved in the last general rate case. Page 30 of the Commission's order in Docket No. 10-035-124 regarding REC Revenue reads:

The Parties agree a REC revenue balancing account (RBA) should be established. The RBA will track the difference between REC revenue included in rates and Utah's allocation of the actual REC revenue received by the Company. On an annual basis, 100 percent of the difference will be credited or charged to customers through Schedule 98 using the allocations specified in the Cost of Service Stipulation, until otherwise ordered by the Commission.

According to Mr. Griffith's testimony at page 3 the Company's proposed rate spread follows the REC rate spread from the 2011 GRC. However a comparison of the billing determinants from that case and this filing show that they are not identical. No explanation is provided for the dissimilarity. The Office has determined that the billing determinants are the same as those proposed in the current general rate case, Docket No. 11-035-200. Since those billing determinants are still being analyzed by parties and have not been approved by the Commission, utilizing the billing determinants that were agreed to in Docket No. 10-035-124 would be more appropriate.

In the alternative the updated billing determinants could be used for the interim increase with adjustments to the final REC revenue balance to account for any changes to billing determinants that are actually used in the general rate case.

Recommendation

The Office recommends that the Commission approve, on an interim basis, the Company's Application to revise rates in Tariff Schedule 98 based on the billing determinants that were agreed to in Docket No. 10-035-124. Following receipt of the Division's final audit and recommendation the Office will conduct further analysis and provide our final recommendation.