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Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER TO INCREASE)
THE DEFERRED EBA RATE THROUGH)
THE ENERGY BALANCING ACCOUNT) Docket No. 13-035-__
MECHANISM)

**APPLICATION TO INCREASE THE DEFERRED EBA RATE THROUGH THE
ENERGY BALANCING ACCOUNT MECHANISM**

Rocky Mountain Power, a division of PacifiCorp (“Company” or “Rocky Mountain Power”), hereby submits this application (“Application”) to the Public Service Commission of Utah (“Commission”) pursuant to energy balancing account mechanism (“EBA”) tariff Schedule 94 (“Tariff Schedule 94”), requesting approval to recover \$17.4 million in deferred EBA Cost (“EBAC”) over a two year period, over the currently effective EBA rate being recovered. This represents an annual rate increase of \$8.7 million, or less than 0.5 percent above the currently effective EBA rate. The \$17.4 million includes the following cost components: (1) \$17.0 million, representing 70 percent of approximately \$24.3 million, the difference between the actual EBAC and the base EBAC in current base rates for the period beginning January 1, 2012 through December 31, 2012, and (2) approximately \$.4 million in accrued interest. The Company is proposing to revise Tariff Schedule 94 by adding the \$8.7 million to the currently

effective deferred NPC rate in the amount of approximately \$23.9 million. The \$23.9 million includes (1) \$20.0 million, representing the second annual installment of the \$60.0 million total cost recovery of deferred net power costs (“NPC”) for the period prior to September 2011, which the Company is collecting pursuant to the Settlement Agreement in Docket Nos. 10-035-124, 09-035-15, 10-035-14, 11-035-46 and 11-035-47, among the Company and eight other parties, dated July 28, 2011 (“Stipulation”) and (2) \$3.9 million, representing the first annual installment of the total \$7.8 million total cost recovery of deferred EBAC approved for recovery by the Commission from the 2012 EBA in Docket No. 12-035-67.

This Application is consistent with Tariff Schedule 94, approved by the Commission on July 17, 2012, as amended by the Commission’s Order on EBA Interim Rate Process, issued August 30, 2012.

The proposed EBA rate increase and percentage reflected in this Application represents an EBA rate adjustment under Tariff Schedule 94 as set forth above. It is allocated to rate schedules pursuant to and consistent with the NPC allocator agreed to by the parties and approved in the Company’s last general rate case, Docket No. 11-035-200 (“2012 GRC”), as more fully explained below. Rocky Mountain Power respectfully requests that, pursuant to the provisions in Tariff Schedule 94, this increase in Utah rates become effective on or before November 1, 2013. 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 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. 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 S. Main, Suite 2300
Salt Lake City, Utah 84111
E-mail: dave.taylor@pacificorp.com

Yvonne R. Hogle, Senior Counsel
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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

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

Informal questions may be directed to David Taylor, Utah Regulatory Affairs Manager at (801) 220-2923.

4. Tariff Schedule 94 permits the Company to monitor total EBAC on an unbundled basis apart from other investments and expenses included in base rates and to account for historical actual EBAC that may be over or under the amount recovered in base rates through the EBA.

5. Under Tariff Schedule 94, the Company files a deferred EBAC adjustment application annually on or before March 15. Tariff Schedule 94 includes provisions for an annual rate effective date of November 1.

6. The EBA deferral calculation consists of two revenue requirement components: NPC and wheeling revenue. NPC are defined as the sum of fuel expenses, wholesale purchased power expenses, wheeling expenses, less wholesale sales revenue. Wheeling revenue includes amounts booked to the Federal Energy Regulatory Commission (“FERC”) account 456.1, Revenues from transmission of electricity of others. Collectively, the two components are known in Tariff Schedule 94 as Energy Balancing Account Costs or EBAC.

7. During 2012, several new accounts were used in the Company’s accounting system to track components of net power costs. The new accounts fall within the main FERC accounts that make up net power costs, but the specific SAP accounts are not identified in the currently-effective Tariff Schedule 94. The new accounts are identified in an exhibit to Mr. Brian S. Dickman’s direct testimony as well as in the revisions to Schedule 94, included as an exhibit in Ms. Joelle R. Steward’s direct testimony.

8. The deferred EBAC is determined pursuant to Tariff Schedule 94 by comparing, in a deferral period, the actual NPC and wheeling revenue to the total base EBAC recovered in rates as established in a general rate case, with 70 percent of the difference being deferred for later recovery from or refund to customers.

9. The deferral period for this Application is the 12 month period beginning January 1, 2012 through December 31, 2012 (“Deferral Period”).

10. The request in this Application includes two components: (a) the EBA deferral amount (“EBA Deferral Amount”) of approximately \$17.0 million and (b)

approximately \$385,000 in accrued interest. Pursuant to a stipulation between the signing parties in the 2012 general rate case in Docket No. 11-035-200, the Company intends to recover the EBA Deferral Amount in two annual installments of approximately \$8.7 million.

11. For the EBA Deferral Period, the Base EBAC in rates originated from two rate cases: Base EBAC from the general rate case in Docket No. 10-035-124 (“2011 GRC”) for January 1, 2012 through October 11, 2012, and Base EBAC from the 2012 GRC for October 12, 2012 through December 31, 2012. The combined Base EBAC for the EBA Deferral Period is \$1,479.0 million on a total Company basis.

12. Actual EBAC were higher than Base EBAC during the Deferral Period mainly as a result of a drop in wholesale electricity and natural gas market prices as compared to prices reflected in the Base EBAC in this case. The difference was also impacted by a decrease in net system load.

13. The Company calculated the EBA Deferral Amount using the stipulated methodology in the Stipulation (“Scalar Method”) approved by the Commission in the 2011 GRC Order, which method was, again, adopted in the settlement (“2012 Stipulation”) resolving the 2012 GRC.

14. Consistent with the 2012 Stipulation, the EBA Deferral Amount includes carrying charges only through December 31, 2012. Pursuant to the 2012 Stipulation, for informational purposes, the Company also calculated the amount that would have resulted from using two additional EBA formulas: “Utah Allocation Based on Annual SE & SG Factors” and “Utah Allocation Based on Monthly SE & SG Factors.” Finally, in compliance with the 2012 EBA order, the Company also prepared the EBA calculation using the original method approved by the Commission in its March 3, 2011, Corrected

Report and Order in Docket No. 09-035-15. In total, the deferral amount is calculated using four different methods which are outlined in Mr. Steve R. McDougal's direct testimony and calculated in confidential workpapers.

Deferred EBA Cost Adjustment

15. Pursuant to Tariff Schedule 94, the deferred EBAC adjustment is calculated monthly and recorded as a deferred expense on the Company's books. Mr. Dickman's **Exhibit RMP___(BSD-1)**, shows the detailed calculation of the EBA Deferral Amount. Actual Total NPC from January 1, 2012 through December 31, 2012 were approximately \$1,497 million, shown on line 1. This was approximately \$18 million higher than the \$1,479 million Base NPC being used in this case.

16. After applying the Stipulated Dynamic Scalar method, Utah's allocated NPC before wheeling revenues were approximately \$646.6 million shown on line 7. After crediting Utah allocated wheeling revenues of approximately \$33.0 million shown on line 8, Utah actual EBAC were approximately \$613.6 million shown on line 9, or \$24.39 per MWh, shown on line 11.

17. In comparison, Utah Base EBAC were approximately \$601.0 million shown on line 14, or \$23.40 per MWh, shown on line 16. The difference between lines 11 and 16, or \$0.99 per MWh, applied to Utah's 2012 load produces the deferred EBAC prior to application of the cost-sharing band of approximately \$24.3 million, shown on line 18.¹

¹ In this case there were several factors that impacted the calculation of the difference between actual EBAC and Base EBAC including wheeling revenue, interjurisdictional allocation factors, and changes in retail sales volumes that impacted the collection of Base NPC in rates. These factors are explained in detail in Mr. Dickman's Direct Testimony.

18. The Deferred EBAC, after applying the 70 percent EBA sharing band, is approximately \$17.1 million on line 19. Interest provisions for the Deferral Period (January 1, 2012 through December 31, 2012) are on lines 22-26, and interest from the end of the Deferral Period is \$384,940, for a total ending deferral amount of approximately \$17.4 million, shown on line 26.

19. As previously stated, the Company also calculated, for informational purposes, the deferral amount that would have resulted using the (1) Docket No. 09-035-15 Method; (2) the Stipulation Exhibit A2 Method (as defined in the Direct Testimony of Steve McDougal; and (3) Stipulation Exhibit A3 Method (as defined in the Direct Testimony of Steve McDougal). The calculations are all provided in exhibits to the Direct Testimony of Mr. Steve McDougal and in confidential workpapers, provided on a compact disk (“CD”). An index to these work papers is included in the first tab of the confidential workpapers file. The workpapers are generally consistent with the information provided to the Division of Public Utilities (“Division”) in response to data request DPU 1.1 in the EBA tariff proceeding, Docket No. 11-035-T10. In addition, the Company includes on a CD additional filing requirements the Company agreed to in Docket No. 12-035-67.

Proposed Tariff Sheets

20. The Company’s proposal is to spread the EBA revenue across customer classes consistent with the approved spread of the base EBA costs to rate schedules in the 2012 GRC with one modification, as specifically explained in the direct testimony of Ms. Joelle R. Steward.

21. The table below summarizes the proposed price changes by tariff rate schedule. Ms. Steward’s direct testimony, **Exhibit RMP___(JRS-1)**, displays the

Company's proposed rate spread which is consistent with the rate spread from the 2012 GRC, as discussed above. The proposal would result in an overall increase of approximately one half of one percent to tariff customers in Utah. Ms. Steward's direct testimony, **Exhibit RMP ___(JRS-2)**, includes billing determinants and the calculations of the proposed EBA rates in this case. Ms. Steward's direct testimony, **Exhibit RMP___(JRS-3)**, contains the proposed rates for Tariff Schedule 94.

Customer Class	Proposed Percentage Change 2013 EBA
Residential	
Schedules 1, 2, 3	0.4%
General Service	
Schedule 23	0.4%
Schedule 6	0.5%
Schedule 8	0.5%
Schedule 9	0.7%
Irrigation	
Schedule 10	0.5%
Public Street and Area Lighting Schedules	
Schedules 7, 11, 12	0.2%
Schedule 15	0.4%

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission approve interim rates as provided in Tariff Schedule 94 to recover the costs identified in this Application, as filed, with an effective date of November 1, 2013.

DATED this 15th day of March 2013.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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