



DOCKET NO. 13-035-33

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Utah customers annually. Each March 15, the Company files a rate application to recover any revenue shortfall, or credit any revenue excess, for the applicable deferral period (in this case January 1, 2012 through December 31, 2012). In total, the Company calculates a \$3,263,532 deferral balance to be credited to customers effective June 1, 2013. The Application includes exhibits containing: the Company's proposed rate spread (Exhibit RMP\_\_ (JRS-1)); the billing determinants and the calculations of the proposed REC rates in this case (Exhibit RMP\_\_ (JRS-2)); and the proposed Schedule 98 reflecting the new rates (Exhibit RMP\_\_ (JRS-3)).

The credit is allocated to customer classes consistent with the approved spread of REC revenue in Docket No. 11-035-200<sup>2</sup> ("2012 General Rate Case") with one proposed modification explained in the pre-filed direct testimony of Company witness Ms. Joelle R. Steward. Since the rate spread in the 2012 General Rate Case for Schedules 7, 11, 12 and 15 (Metered Outdoor Nighttime Lighting) was zero, the Company calculated the deferred REC revenue spread in two steps: First, the deferred REC revenue allocation for Schedules 7, 11, 12 and 15 is calculated as the total deferred REC revenue times the percentage of these schedules' deferred REC revenue allocation from the last REC proceeding in Docket No. 12-035-68.<sup>3</sup> Next, the remaining deferred REC revenue is allocated to the other customer classes consistent with the approved rate spread in the Company's 2012 General Rate Case.<sup>4</sup>

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<sup>2</sup> *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Report and Order, dated September 19, 2012.

<sup>3</sup> *In the Matter of the 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*, Order Establishing Final Rates, dated November 9, 2012.

<sup>4</sup> See Direct Testimony of Joelle R. Steward at p. 2.

On April 4, 2013, the Commission held a duly-noticed scheduling conference and subsequently issued a Scheduling Order on April 8, 2013. On April 18, 2013, the Division of Public Utilities (“Division”) filed initial comments summarizing its preliminary review of the Application and recommending the Commission approve it as filed, with the proposed rate change becoming effective June 1, 2013, on an interim basis until a final audit of the REC revenue contained in the Application is completed by the Division. No other parties filed comments in this docket.

During the hearing held May 16, 2013, the Company provided summaries of the pre-filed direct testimony of Company witnesses Ms. Stacey J. Kusters, Director of Origination, Mr. Steven R. McDougal, Director of Revenue Requirements, and Ms. Joelle R. Steward, Director of Pricing, Cost of Service, and Regulatory Operations. Ms. Kusters’ testimony addressed the historical REC sales used in the calculation to set the Schedule 98 credit supporting the Application. Mr. McDougal’s testimony addressed the allocation of the total Company sales to Utah and the calculation of the deferral component to true-up calendar year 2012 REC sales. Finally, Ms. Steward’s testimony addressed the Company’s proposed REC revenue spread and Schedule 98 rates in this docket.

The Division also presented testimony confirming its initial recommendation for approval of the Application. Additionally, the Office of Consumer Services (“Office”) offered a statement supporting the Application.

#### DISCUSSION, FINDINGS AND CONCLUSIONS

Based on the evidence presented by the Company and the recommendations of the Division and the Office, the Commission finds the proposed credit of \$3,263,532 is reasonable, subject to further review associated with the Division’s final audit report to be completed in the coming

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months. Accordingly, the requested rate change will take effect on June 1, 2013, on an interim basis, and will be subject to the Commission's right to order a refund or surcharge.

Consistent with our direction in the 2011 General Rate Case order establishing the REC revenue balancing account, the revenue credit is to be allocated to bills in a manner consistent with the approved spread of REC revenue in the Company's 2012 General Rate Case (Docket No. 11-035-200), with the proposed modification explained above.

An important objective of the Division's audit is to verify that the interim rate change reflects the just and reasonable amount of REC revenue that should be credited to customers for the period under consideration. The Commission expects the Division will examine all aspects of Company operations pertaining to its REC revenue during the relevant period, and that the Division will do so from the perspective of the conditions that existed at the time the Company made the decisions and took the actions the Division is evaluating.

ORDER

1. The Company's application for authority to revise Schedule 98, by crediting revenue of \$3,263,532 on an interim basis is approved as filed, effective June 1, 2013, subject to the Commission's right to order a refund or surcharge following completion of the Division's audit.

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DATED at Salt Lake City, Utah this 29<sup>th</sup> day of May, 2013.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
D#244313

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 order by filing a request for review or rehearing with the Commission 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 Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission'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. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 29<sup>th</sup> day of May, 2013, a true and correct copy of the foregoing REPORT AND ORDER was served upon the following as indicated below:

By Electronic-Mail:

Data Request Response Center ([datarequest@pacificorp.com](mailto:datarequest@pacificorp.com))  
PacifiCorp

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Administrative Assistant