

R. Jeff Richards (7294)
Yvonne R. Hogle (7550)
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone No. (801) 220-4050
Facsimile No. (801) 220-3299
E mail: yvonne.hogle@pacificorp.com

Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER FOR AUTHORITY) Docket No. 14-035-____
TO REVISE RATES IN TARIFF SCHEDULE 98,)
RENEWABLE ENERGY CREDITS BALANCING)
ACCOUNT)

**APPLICATION TO REVISE RATES IN TARIFF SCHEDULE 98, RENEWABLE
ENERGY CREDITS BALANCING ACCOUNT**

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
Utah Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
E-mail: dave.taylor@pacificorp.com

Yvonne R. Hogle
Senior Counsel
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
E-mail: yvonne.hogle@pacificorp.com

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) 220-2923.

4. Tariff Schedule 98, approved by the Commission in an order issued in Docket No. 10-035-124, tracks the difference between REC revenues included in base 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 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. In this RBA filing, the deferral period was January 1, 2013 through December 31, 2013 (“Deferral Period”). The Company calculated a deferral balance of approximately \$17.0 million (“Total Deferred Balance”) owing to the Company. The Company proposes to amortize the \$17 million over a three year period, and collected from customers in annual installments of approximately \$5.7 million, with no carrying charges during the collection period.

9. In support of this Application, the Company has provided the testimony and exhibits of Mr. Bruce W. Griswold, Director of Short-term Origination and Qualifying Facilities Contracts; Ms. Jana L. Saba, Regulatory Projects Manager; and Ms. Joelle R. Steward, Director of Pricing, Cost of Service, and Regulatory Operations. Mr. Griswold’s testimony addresses the historical REC sales that will be used in the calculation to set the Tariff Schedule 98 surcharge. Ms. Saba’s testimony addresses the allocation of total Company sales to Utah and the calculation of the deferral component to true-up calendar year 2013 REC sales. Ms. Steward will address the Company’s proposed REC revenue spread and REC rates in this case.

10. In his direct testimony, **Confidential Exhibit RMP___(BWG-1)**, Mr. Griswold presents the total Company REC revenues received for calendar year 2013. In his **Confidential Exhibit RMP___(BWG-2)**, Mr. Griswold provides total Company REC sales by entity, price tag, resource and vintage during the Deferral Period, with the exception of November and December 2013.

11. In his **Confidential Exhibit RMP___(BWG-2.5)**, Mr. Griswold provides a summary of REC sales by entity, price tag, resource and vintage estimated for November and December 2013. 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 2013 is known, at the time of this filing the assignment of RECs sold to individual resources in November and December 2013, 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. In his **Confidential Exhibit RMP___(BWG-3)**, Mr. Griswold provides the details of the final November and December 2012, actual REC revenue by resource, which the Company agreed to provide in the 2013 RBA proceeding. In his **Confidential Exhibit RMP___(BWG-4)**, Mr. Griswold provides the contracts that were included in the 2012 GRC Settlement Stipulation (as defined below) as Exhibit B, that are excluded from the 10 percent incentive calculation, and provides details of total REC volume and REC price of REC sales contracts executed after July 2012 which produced 2013 REC revenues after May 31, 2013. The 10 percent incentive calculation is explained in more detail below.

13. Ms. Saba's direct testimony, **Exhibit RMP___(JLS-1)**, shows a table summarizing the Total Deferred Balance in the RBA of approximately \$17.0 million.

14. **Exhibit RMP___(JLS-1)** shows the beginning deferred balance of the RBA in January 1, 2013 of approximately \$5.0 million which was rolled over from the December 31,

2012 balance. This amount was adjusted by approximately \$5,700 to reflect the true-up after updated and finalized resource assignments for November and December 2012 became known.

15. The actual REC sales revenue received by the Company during the 2013 Deferral Period was approximately ■■■ million on a total Company basis, or ■■■ million on a Utah-allocated basis, as illustrated in **Exhibit RMP___(JLS-2)**, line 3.

16. Pursuant to the settlement stipulation in Docket No. 11-035-200 (“2012 GRC Settlement Stipulation”), the Company is allowed to retain, as an incentive, 10 percent of the revenues obtained from sales of RECs incremental to the forecast REC revenue included in that case of \$25 million through May 31, 2013, and thereafter incremental to the revenues received under contracts entered into after July 1, 2012. Thus the period in this filing that qualifies for the incentive is June 1, 2013 through December 31, 2013. Utah-allocated REC revenue during this period was \$4.1 million, resulting in a \$410,000 incentive amount, shown in **Exhibit RMP___(JLS-2)**, line 4.

17. The amount of REC revenues in base rates for January 1, 2013 through August 31, 2013 were set at \$25 million, on a Utah-allocated basis, consistent with the agreed upon Step 1 REC revenue in the 2012 GRC Settlement Stipulation, reflected as a monthly amount of REC revenues from January 1, 2013 through August 31, 2013 in **Exhibit RMP___(JLS-2)** on line 8.

18. The amount of REC revenues in base rates for September 1, 2013 through December 31, 2013 were set at \$10 million, on a Utah-allocated basis, consistent with the agreed upon Step 2 REC revenue in the 2012 GRC Settlement Stipulation, reflected as a monthly amount of REC revenues from September 1, 2013 through December 31, 2013 in **Exhibit RMP___(JLS-2)** on line 9. Combined, the foregoing monthly amounts produce REC revenues

of \$20 million, on a Utah-allocated during 2013, shown in the total column **Exhibit RMP___(JLS-2)** on line 10.

19. The Company included approximately \$3.7 million in surcredits in customer bills through Schedule 98 during calendar year 2013. The amount is reflected in **Exhibit RMP___(JLS-2)** on line 11.

20. The estimated Schedule 98 credit, for the period beginning January 1, 2014 through May 31, 2014 is estimated to be approximately \$1.5 million, shown in **Exhibit RMP___(JLS-2)** on line 18, in the total column. This represents an estimate of the surcredit that will be returned to customers during January through May 2014 as a result of the 2013 RBA application. With the exception of January 2014, the monthly amounts shown in **Exhibit RMP___(JLS-2)** on line 18 are estimated. The Company will update the February through May 2014 collections in its 2015 RBA filing.

21. The Company included approximately \$410,000 of carrying charges for calendar year 2013 at the Company's most recently approved cost of debt, shown in **Exhibit RMP___(JLS-2)** on line 16, and estimated carrying charges from January 1, 2014 through May 31, 2014 in the amount of approximately \$356,000, shown in **Exhibit RMP___(JLS-2)** on line 21.

22. The Total Deferred Balance to be charged to customers through Schedule 98 is approximately \$17.0 million shown in **Exhibit RMP___(JLS-2)** on line 22. The Company proposes to amortize this amount over a three-year period, with annual installments of approximately \$5.7 million to be collected from customers, with no carrying charges during the collection period.

23. The Company has allocated the proposed approximate \$5.7 million RBA surcharge across customer classes consistent with the Step 2 rate spread approved in the 2012 GRC, which applies the proposed RBA surcharge as illustrated below:

| Customer Class | Proposed Percentage |
|---------------------------|----------------------------|
| Residential | |
| Schedules 1, 2, 3 | 0.33% |
| General Service | |
| Schedule 23 | 0.26% |
| Schedule 6 | 0.26% |
| Schedule 8 | 0.33% |
| Schedule 9 | 0.33% |
| Irrigation | |
| Schedule 10 | 0.33% |
| Lighting Schedules | |
| Schedules 7, 11, 12 | 0.09% |
| Schedule 15 | 0.25% |
| | |

On an overall basis, based on the forecast test period 12-months ending May 2014, this proposal would result in an overall surcharge of approximately 0.29 percent to tariff customers in Utah, an increase in rates from the current credit of 0.17 percent.

21. Ms. Steward's direct testimony, **Exhibit RMP__ (JRS-1)**, contains the Company's proposed rate spread which follows the Step 2 rate spread from the 2012 GRC as discussed above. **Exhibit RMP__ (JRS-2)** contains the billing determinants and the calculations of the proposed REC rates in this case. **Exhibit RMP__ (JRS-3)** contains the proposed rates for Tariff Schedule 98. The current Schedule 98 rates will terminate on May 31, 2014, and the new Tariff Schedule 98 rates will become effective on June 1, 2014.

22. Pursuant to the terms and conditions of the RBA, the rate effective date of the first of three annual installments of approximately \$5.7 million, is June 1, 2014.

WHEREFORE, by this Application, Rocky Mountain Power respectfully requests that the Commission approve recovery of the deferral balance of approximately \$17.0 million, to be collected from customers in three annual installment of approximately \$5.7 million, the first to be effective on June 1, 2014.

DATED this 17th day of March, 2014.

Respectfully submitted,

ROCKY MOUNTAIN POWER

Yvonne R. Hogle
Senior Counsel
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Rocky Mountain Power
yvonne.hogle@pacificorp.com