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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 ) Docket No. 14-035-\_\_  
INCREASE THE DEFERRED EBA RATE )  
THROUGH THE ENERGY BALANCING )  
ACCOUNT MECHANISM )

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

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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 approximately \$28.3 million in deferred EBA Costs (“EBAC”) over the currently effective EBA rate being recovered. The \$28.3 million includes the following cost components: (1) approximately \$27.6 million, representing 70 percent of approximately \$39.4 million, the difference between the Actual EBAC and the Base EBAC in current base rates for the period beginning January 1, 2013 through December 31, 2013, (2) a credit of approximately \$1.1 million in additional wheeling revenues, being credited to customers pursuant to prior Company commitments related to the outcome in the recently concluded

FERC Rate Case (as defined below), and (3) approximately \$1.8 million in accrued interest. The Company is proposing to revise Tariff Schedule 94 by adding the \$28.3 million to the currently effective deferred NPC rate in the amount of approximately \$31.4 million.

The \$31.4 million includes (1) \$20.0 million, representing the third 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”), (2) \$3.9 million, representing the second and final 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, and (3) \$7.5 million, representing the first installment of the total \$15.0 million total cost recovery of deferred EBAC approved for recovery by the Commission from the 2013 EBA in Docket No. 13-035-32. The table below illustrates the EBA deferral balances from the 2012 EBA, the 2013 EBA, and the proposed 2014 EBA.

2012	2013	2014	2015
<div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;">                     \$60m (\$20m/Year) - Jun 2012 - May 2015                      Docket No. 10-035-124                 </div>			
<div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 60%;">                     \$7.8m (\$3.9m/Year) - Mar 2013 - Feb 2015                      Docket No. 12-035-67                 </div>			
<div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 70%;">                     \$15.0m (\$7.5m/Year) - Nov 2013 - Oct 2015                      Docket No. 13-035-32                 </div>			
<div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 40%;">                     \$28.3m - Nov 2014 - Nov 2015 -- Current Docket                 </div>			

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 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, 2014. 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  
Utah Regulatory Affairs Manager  
Rocky Mountain Power  
201 S. Main, Suite 2300  
Salt Lake City, UT 84111  
E-mail: [dave.taylor@pacificorp.com](mailto:dave.taylor@pacificorp.com)

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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](mailto: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 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 2013, 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, 2013 through December 31, 2013 (“Deferral Period”).

10. The request in this Application includes three components: (a) the EBA deferral amount (“EBA Deferral Amount”) of approximately \$27.6 million, (b) a credit of additional wheeling revenues of approximately \$1.1 million, and (c) accrued interest of approximately \$1.8 million.

11. For the EBA Deferral Period, Base EBAC in rates originated from the 2012 GRC, which used a test period of 12-months ending May 2013. The 2012 GRC test period includes the January 2013 through May 2013 period of the Deferral Period, but it does not

cover the June 2013 through December 2013 part of the Deferral Period. The majority of the deferral occurred during the June 2013 through December 2013 period.

12. Actual NPC were higher than Base NPC during the Deferral Period as a result of, among other things, an increase in system load and a reduction in generation from the Company's hydro and wind facilities. By cost category, Actual NPC increased due to a reduction in wholesale sales and an increase in coal fuel expense, partially offset by a reduction in purchase power expense and a reduction in natural gas fuel expense.

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 resolving the 2012 GRC ("2012 Stipulation").

14. 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.

15. The credit to customers from incremental wheeling revenues of approximately \$1.1 million reflects the commitment made by the Company in the Stipulation and the 2012 Stipulation in Docket Nos. 10-035-124 and 11-035-200,

respectively. Specifically, 100 percent of the approximately \$3.82 million incremental wheeling revenue related to a price increase resulting from Federal Energy Regulatory Commission Docket No. ER11-3643-000 (“FERC Rate Case”) was deferred and is being credited back to customers through the EBA. The \$1.1 million credit represents the 30 percent of the incremental wheeling revenue above the change in wheeling revenue already reflected in the 70 percent sharing of the change in EBAC related to the FERC Rate Case price change. A more detailed description of the incremental wheeling revenues being credited to customers is included in the direct testimony of Mr. McDougal.

#### **Deferred EBA Cost Adjustment**

16. 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, 2013 through December 31, 2013, were approximately \$1,620 million, shown on line 1. This was approximately \$140 million higher than the \$1,479 million Base NPC being used in this case.

17. After applying the Stipulated Dynamic Scalar method, Utah’s allocated NPC before wheeling revenues were approximately \$697 million shown on line 7. After crediting Utah-allocated wheeling revenues of approximately \$36 million shown on line 8, Utah actual EBAC were approximately \$661 million shown on line 9, or \$27.04 per MWh, shown on line 11.

18. In comparison, Utah Base EBAC were approximately \$603 million shown on line 14, or \$25.44 per MWh, shown on line 16. The difference between lines 11 and 16,

or \$1.61 per MWh, applied to Utah's 2013 load produces the deferred EBAC prior to application of the cost-sharing band of approximately \$39.4 million, shown on line 18.<sup>1</sup>

19. The Deferred EBAC, after applying the 70 percent EBA sharing band, is approximately \$27.6 million on line 19. After crediting additional Utah-allocated wheeling revenues of approximately \$1.1 million, shown on line 20, the deferral balance is approximately \$26.5 million, shown on line 21. Interest provisions for the Deferral Period (January 1, 2013 through December 31, 2013) are on lines 22-25, in addition to the interest

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<sup>1</sup> 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.

through October 2014, for a total ending deferral amount of approximately \$28.3 million, shown on line 28.

20. A summary of the total requested EBA recovery is shown in the table below.

<b><u>Calendar Year 2013 EBA Deferral</u></b>	
Actual EBAC (\$/MWh)	\$ 27.04
Base EBAC (\$/MWh)	\$ 25.44
\$/MWh Differential	<u>\$ 1.61</u>
Utah Load (MWh)	24,456,528
Total Deferrable*	\$ 39,454,809
EBA Deferral at 70% Sharing	\$ 27,618,366
Additional FERC ER11-3643 Revenues	\$ (1,128,262)
Interest through Dec. 31, 2013	\$ 470,671
Interest Jan. 1, 2014 through Oct. 31, 2014	\$ 1,378,778
<b>Requested EBA Recovery</b>	<b><u>\$ 28,339,553</u></b>
<i>* Calculated monthly</i>	

21. 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 Mr. McDougal; and (3) Stipulation Exhibit A3 Method (as defined in the Direct Testimony of Mr. McDougal). The calculations are all provided in exhibits to the Direct Testimony of Mr. McDougal and in confidential workpapers, provided on a compact disc (“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 (“DPU”) 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**

22. The Company’s proposal is to spread the deferred EBAC across customer classes consistent with the approved spread of the base EBA costs to rate schedules in the 2012 GRC, modified to reflect allocations to customer classes not in the cost of service study and approved allocations to contract customers, as specifically explained in the direct testimony of Ms. Joelle R. Steward.

23. 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 1.5 percent to 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 and revisions for Tariff Schedule 94.

<b>Customer Class</b>	<b>Proposed Percentage Change 2014 EBA</b>
<b>Residential</b>	
Schedules 1, 2, 3	1.2%
<b>General Service</b>	
Schedule 23	1.3%
Schedule 6	1.5%
Schedule 8	1.6%
Schedule 9	2.1%
<b>Irrigation</b>	
Schedule 10	1.6%

<b>Public Street and Area Lighting Schedules</b>	
Schedules 7, 11, 12	0.8%
Schedule 15	1.4%

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission approve rates as provided in Tariff Schedule 94 to recover the costs identified in this Application, as filed, with an effective date of November 1, 2014.

DATED this 17<sup>th</sup> day of March 2014.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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