

R. Jeff Richards (7294)
Yvonne R. Hogle (7550)
201 South Main Street, Suite 2400
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 TO DECREASE) Docket No. 15-035-03
THE DEFERRED EBA RATE THROUGH THE)
ENERGY BALANCING ACCOUNT MECHANISM)

**APPLICATION TO DECREASE 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 approximately \$30.5 million in deferred EBA Costs (“EBAC”). In addition, the Company proposes to include a charge of approximately \$400 thousand, representing the Company’s estimate of the residual balances from net power cost deferrals related to a) Docket No. 14-035-31 (“2014 EBA”) and b) the multi-docket stipulation reached as part of the 2011 general rate case in Docket No. 10-035-124 (“2011 GRC”). The \$30.5 million includes the following cost components: (1) approximately \$29.0 million, the difference between the Actual EBAC and the Base EBAC in current base rates for the period beginning

January 1, 2014 through December 31, 2014 (“Deferral Period”), (2) approximately \$1.2 million in wheeling revenues, being credited to customers pursuant to prior Company commitments related to the outcome in the FERC Rate Case (as defined below), and (3) approximately \$2.6 million in accrued interest.

The Company is proposing to revise Tariff Schedule 94 to recover \$30.9 million, which is a decrease from the currently effective deferred NPC rates that are designed to collect approximately \$45.3 million from retail customers, adjusted for load. The \$45.3 million represents the consolidated balance of deferrals from two other cases which was the result of a stipulation reached by several parties in the Company’s general rate case in Docket No. 13-035-184 (“2014 GRC”) and includes (1) approximately \$25.3 million for the deferred NPC approved in the 2014 EBA; and (2) the final \$20.0 million installment of deferred NPC approved in the 2011 GRC.

From current rates, netting the \$30.9 million request for recovery of deferred NPC for the Deferral Period against the balance in the 2014 EBA, results in an overall decrease from the current amount to be collected from retail customers under Tariff Schedule 94 rate of approximately \$14.4 million.

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 decrease 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 Commission-approved NPC allocators from the 2012 general rate case, Docket No. 11-035-200 (“2012 GRC”) and from the 2014 GRC, as explained further below. Rocky Mountain Power respectfully requests that, pursuant to the provisions in Tariff Schedule 94, this

decrease in Utah rates become effective on or before November 1, 2015. 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:

Bob Lively
Utah Regulatory Affairs Manager
Rocky Mountain Power
201 S. Main, Suite 2300
Salt Lake City, Utah 84111
E-mail: bob.lively@pacificorp.com

Yvonne R. Hogle
Assistant General Counsel
Rocky Mountain Power
201 South Main Street, Suite 2400
Salt Lake City, Utah 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

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

Informal questions may be directed to Bob Lively, Utah Regulatory Affairs Manager at (801) 220-4052.

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 2014, several new accounts were used in the Company’s accounting system to track components of net power costs and wheeling revenues, as specifically described in the direct testimony of Brian S. Dickman. 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. Dickman’s direct testimony as well as in the revisions to Schedule 94, included as an exhibit in 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. In addition, several adjustments were made to actual NPC this year, as described in the direct testimony of Mr. Dickman.

9. The Deferral Period for this Application is the 12-month period beginning January 1, 2014 through December 31, 2014.

10. The request in this Application includes four components: (a) the EBA deferral amount (“EBA Deferral Amount”) of approximately \$29.0 million, (b) a credit of additional wheeling revenues of approximately \$1.2 million (c) accrued interest of approximately \$2.6 million, and (d) a charge of approximately \$400 thousand, representing the Company’s estimate of the residual balances from net power cost deferrals in the 2014 EBA and the 2011 GRC.

11. For the Deferral Period, Base EBAC in rates originated from two different cases. First, Base EBAC for the period from January 1, 2014 through August 31, 2014 originated from the 2012 GRC, which used a test period of 12 months ending May 2013. Total Company EBAC in the 2012 GRC were \$1.479 billion of NPC and wheeling revenues were \$74.7 million. Second, Base EBAC for the period from September 1, 2014 to December 31, 2014 originated from the 2014 GRC, which used a test period of 12 months ending June 2015. Total Company EBAC in the 2014 GRC were \$1.496 billion of NPC and wheeling revenues were \$96.5 million. Combined and for purposes of this case, Total Company EBAC are \$1.483 billion in NPC and wheeling revenues are \$82 million.

12. Actual NPC were higher than Base NPC during the Deferral Period as a result of, among other things, a reduction in wholesale sales revenues, increase in coal fuel and natural gas

expenses, 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 and natural gas expenses, partially offset by a reduction in purchased power expense.

13. The Company calculated the EBA Deferral Amount for the Deferral Period from January 1, 2014 through August 31, 2014, 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 GRC Stipulation"). It calculated the EBA Deferral Amount for the Deferral Period from September 1, 2014 through December 31, 2014, using the Commission Order Method consistent with the stipulation approved by the Commission in the 2014 GRC.

14. The Company also calculated the EBA Deferral Amount for the Deferral Period from January 1, 2014 through August 31, 2014 using the Commission Order Method and two additional EBA formulas: the A2 Method and A3 Method utilized in the 2012 GRC Stipulation, as explained in detail in the direct testimony of Mr. Dickman, and his Exhibits RMP___(BSD-2), RMP___(BSD-4) and RMP___(BSD-5), respectively. Consistent with the 2014 GRC stipulation, beginning in September 2014, only the Commission Order Method was used, as more fully explained in Mr. Brian Dickman's direct testimony and exhibits.

15. The credit to customers from incremental wheeling revenues of approximately \$1.2 million reflects the commitment made by the Company in the 2011 GRC and 2012 GRC stipulations, related to a price increase resulting from Federal Energy Rate Commission Docket

No. ER11-3643-000 (“FERC Rate Case”). A more detailed description of the incremental wheeling revenues being credited to customers is included in the direct testimony of Mr. Dickman.

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, 2014 through December 31, 2014 were approximately \$1,600 million. This was approximately \$117 million higher than the \$1,483 million Base NPC being used in this case.

17. Utah’s allocated NPC before wheeling revenues were approximately \$691 million. After crediting Utah-allocated wheeling revenues of approximately \$37.6 million, Utah actual EBAC were approximately \$653 million shown on line 9, or \$27.10 per MWh, shown on line 11.

18. In comparison, Utah Base EBAC were approximately \$599 million shown on line 14, or \$25.38 per MWh, shown on line 16. The monthly difference between lines 11 and 16 applied to Utah’s 2014 load produces the deferred EBAC prior to application of the cost-sharing band of approximately \$41.5 million, shown on line 18.

19. The Deferred EBAC, after applying the 70/30 percent EBA sharing band, is approximately \$29.0 million on line 19. After crediting additional Utah-allocated wheeling revenues of approximately \$1.2 million, shown on line 20, the deferral balance is approximately \$28.0 million, shown on line 21. Interest provisions of \$2.6 million for the Deferral Period (January

1, 2014 through December 31, 2014) and through October 2015 shown on lines 25 and 27, respectively, for a total ending deferral amount of approximately \$30.5 million, shown on line 28.

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

<u>Calendar Year 2014 EBA Deferral</u>		<i>Exhibit RMP___(BSD-1) Reference</i>
Actual EBAC (\$/MWh)	\$ 27.10	<i>Line 11</i>
Base EBAC (\$/MWh)	\$ 25.38	<i>Line 16</i>
\$/MWh Differential	<u>\$ 1.72</u>	
Utah Sales (MWh)	24,089,061	<i>Line 10</i>
Total Deferrable*	\$ 41,477,596	<i>Line 18</i>
EBA Deferral at 70% Sharing	\$ 29,034,318	<i>Line 19</i>
Additional FERC ER11-3643 Revenues	\$ (1,204,554)	<i>Line 20</i>
Interest Accrued through December 31, 2014	\$ 1,159,202	<i>Line 25</i>
Interest Jan. 1, 2015 through Oct. 31, 2015	\$ 1,482,500	<i>Line 27</i>
Requested EBA Recovery	<u>\$ 30,471,465</u>	<i>Line 28</i>

**Calculated monthly*

Proposed Tariff Sheets

21. The Company's proposal is to spread the deferred EBAC across customer classes for the Deferral Amounts from the Deferral Period from January 1, 2014 through August 31, 2014 consistent with the Commission-approved NPC Allocator in the 2012 GRC and for the Deferral Amounts from the Deferral Period from September 1, 2014 through December 31, 2014 using the Commission-approved NPC Allocator in the 2014 GRC, as more specifically explained in the direct testimony of Ms. Steward.

22. 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, as discussed above. The proposal would result in an overall decrease of approximately 0.7 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.


Customer Class	Proposed Percentage Change 2015 EBA
Residential	
Schedules 1, 2, 3	(0.6)%
General Service	
Schedule 23	(0.6)%
Schedule 6	(0.7)%
Schedule 8	(0.8)%
Schedule 9	(1.1)%
Irrigation	
Schedule 10	(0.7)%
Public Street and Area Lighting Schedules	
Schedules 7, 11, 12	no change
Schedule 15	Average of (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, 2015.

DATED this 16th day of March 2015.

Respectfully submitted,

ROCKY MOUNTAIN POWER



R. Jeff Richards
 Yvonne R. Hogle
 201 South Main Street, Suite 2400
 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