

DPU EXHIBIT 1.1 – PUBLIC  
EXECUTIVE SUMMARY

Docket No. 15-035-03

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January 1, 2014 – December 31, 2014

## 2015 EBA AUDIT REPORT FOR ROCKY MOUNTAIN POWER

Prepared by the Utah Division of  
Public Utilities

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## 1 EXECUTIVE SUMMARY

The Utah Division of Public Utilities (Division) and its outside consultants La Capra Associates have completed an audit of Rocky Mountain Power's (Company) Energy Balancing Account (EBA) for calendar year 2014. Due to the high volume of confidential information in the Division's Audit Report (Confidential DPU Exhibit 1.2) the Division has prepared this public executive Summary. The Division recommends the Commission disallow recovery of \$381,278 of the original \$30.9 million requested by the Company. This adjustment along with other La Capra recommendations are discussed in their report and are summarized below. The Division's findings specifically addressed in this report are as follows:

1. The Division believes the costs presented in the EBA are accurate and tie to the supporting schedules and source documents that were provided by the Company. A few minor discrepancies were found in supporting documentation but these discrepancies either ultimately did not flow through to the EBA, were not material or did not change the final dollar amount of net power costs included in the EBA.
2. It appears the Company has made substantial improvements in the documentation process of its trade purposes.
3. The Company made substantial improvements in 1) the timeliness of its data request responses and 2) providing complete responses. The Division believes that the Company has satisfied commitments made in the prior EBA docket to improve the audit process. Many phone conferences were held with the Company during the audit and the Division appreciates the willingness of Company representatives to discuss the many aspects of trading reports, policies, procedures and practices.
4. No adjustments are proposed for the trading transactions sampled by the Division.
5. Given the complexity of understanding the types of Energy Imbalance Market (EIM) costs and revenues included in the EBA, the Division reserves the right to make adjustments in future EBA audits for types of EIM costs it deems to be imprudent, inappropriate or unreasonable, or not meeting the public interest. No adjustments related to EIM costs and revenues however are proposed in this current EBA audit. To be clear, the Division will not adjust calendar year 2014 EIM related dollars in future EBA audits, but may challenge certain *types* of EIM costs and revenues in future EBA filings.

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6. The Division recommends the Commission require the Company to work with the other owners of the Trapper Mine so that operating cost detail and associated supporting documentation can be made available to the Division and other parties for review in the next EBA and, if requested, in the next general rate case.

La Capra Associates has also completed an EBA Audit Report. Their recommendations, which the Division adopts as part of its recommendations to the Commission, are outlined below.

1. Total net power costs for the October 2014 through December 2014 period should be reduced by \$1,187,242 for an outage at the Craig plant which resulted from the operator not following proper procedures. This adjustment reduces Utah's EBA deferral balance by \$381,278.
2. Total net power costs should be reduced for the replacement power costs of an outage at the Gadsby plant. This outage could have been avoided with better advanced planning on the part of the Company. Due to the lack of data available to calculate the replacement power costs, La Capra recommends the Company calculate the total lost value, including ancillary services, over the avoidable outage period.
3. No adjustments are proposed for the trading transactions sampled by La Capra.
4. La Capra is appreciative of the cooperation of the Company on providing requested documentation and explanations through numerous phone conferences. It may be advisable to improve the memorialization of phone conference calls to avoid misunderstandings and to provide a path for other parties to follow the audit process
5. In order to better evaluate physical balancing transactions the Company should find a way to memorialize its physical position for future EBA periods.
6. FERC has instituted a proceeding under section 206 of the Federal Power Act to investigate the justness and reasonableness of the EIM provisions in CAISO's existing tariff related to the imbalance energy price spikes in PacifiCorp's BAAs and to establish a refund effective date. If FERC does require retroactive adjustments in net EIM revenues/costs in the future, they can be reflected in future EBA filings.

The Division's audit report is included as DPU Confidential Exhibit 1.2. The La Capra audit report is included as DPU Confidential Exhibit 2.3.