

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky Mountain Power to Decrease the Deferred EBA Rate through the Energy Balancing Account Mechanism

DOCKET NO. 17-035-01

ORDER

ISSUED: April 25, 2017

I. BACKGROUND

On March 15, 2017, PacifiCorp, doing business in Utah as Rocky Mountain Power (PacifiCorp), filed an application (Application) with the Public Service Commission of Utah (PSC) for authority to decrease rates in Electric Service Schedule No. 94 (Schedule 94), Energy Balancing Account (EBA) Pilot Program. In the Application, PacifiCorp proposes to refund approximately \$6.5 million in total deferred EBA costs incurred in calendar year 2016, on an interim basis, effective May 1, 2017 (2017 EBA).

Pursuant to the PSC's March 23, 2017, Scheduling Order and Order Suspending Tariff (Scheduling Order), the Division of Public Utilities (DPU) filed its preliminary review of the Application (Preliminary Review) on March 31, 2017, concluding the Application appears not to depart from prior years' filings. The DPU further recommended the PSC acknowledge the Application as being complete and that interim rates, as proposed in the Application, be approved effective May 1, 2017, to be amortized through April of 2018.

The Office of Consumer Services (OCS) and the Utah Association of Energy Users (UAE) filed reply comments on April 13, 2017, and the OCS filed corrected reply comments on April 14, 2017. In their reply comments, both the OCS and UAE opposed the recommendations of PacifiCorp and the DPU that the PSC should set interim rates in this docket, noting they

DOCKET NO. 17-035-01

- 2 -

maintain the positions they presented regarding interim rates in their joint Petition for Reconsideration in Docket No. 09-035-15.¹ Both the OCS and UAE also contend that the \$6.5 million refund identified by PacifiCorp should be immediately credited to the unrecovered portion of the EBA balance approved by the PSC in Docket No. 16-035-01 (2016 EBA).²

On April 19, 2017, pursuant to the Scheduling Order, the PSC conducted a hearing to address the Application. PacifiCorp, the DPU, the OCS, and UAE made appearances. At hearing, PacifiCorp explained that because the Application is the first EBA with interim rates, there would be a six-month period where collections from the 2016 EBA and the proposed refund from the 2017 EBA overlap. As a result, the first rate decrease associated with the 2017 EBA would be effective on an interim basis beginning May 1, 2017, with a second rate decrease occurring sometime in September of 2017, when the 2016 EBA is fully collected.

PacifiCorp indicated it met with the parties who agreed to a proposed alternate accounting treatment to prevent successive rate changes. The alternate accounting proposal would offset the amount PacifiCorp is currently collecting for the 2016 EBA with the \$6.5 million refund amount from the 2017 EBA, "with the possible exception of one special contract customer who is questioning its EBA charge, and the Company would carve this amount out from the alternative approach."³ PacifiCorp explained that under the alternative approach, the proposed \$6.5 million decrease from the 2017 EBA would be netted against the existing 2016

¹ See *In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism* (Petition of Utah Industrial Energy Users, Office of Consumer Services, and UAE for Reconsideration and Rehearing of Commission Order Issued February 16, 2017, filed March 20, 2017), Docket No. 09-035-15.

² See *In the Matter of the Application of Rocky Mountain Power for Approval of the 2016 Energy Balancing Account* (Order and Notice of Technical Conference, issued October 26, 2016), Docket No. 16-035-01.

³ Hearing Transcript 383266 at 8, lines 4-7 (April 19, 2017).

EBA balance of approximately \$9.5 million. Further, PacifiCorp proposes that current rates remain in effect until the net balance of about \$3 million is collected, which would occur sometime around June. At that point, PacifiCorp will file to change interim rates to zero. Finally, PacifiCorp stated any subsequent balance or change resulting from the EBA review process would be carried forward to next year's EBA, pursuant to the process established by the PSC.

PacifiCorp asserts this proposal is slightly different from the one put forward by the OCS and UAE in their reply comments but represents that all parties were agreeable to the proposal. PacifiCorp adds that this docket presents a special circumstance where there are overlapping periods with the 2016 and 2017 deferral collections, and does not anticipate that this issue will occur going forward.

At hearing the DPU summarized its Preliminary Review and stated it did not oppose PacifiCorp's alternative proposal, and the OCS and UAE also indicated their support for the alternate proposal.

II. DISCUSSION, FINDINGS, AND CONCLUSIONS

Based on the DPU's Preliminary Review, we find the Application does not depart from prior years' EBA filings. We understand the continuing objection of some parties to an interim rate structure, and recognize that the accounting structure we are approving here is not exactly the one we contemplated when we approved an interim rate process. However, no matter what accounting structure is applied, the immediate refund we approve here (implemented through the alternate accounting treatment PacifiCorp proposed at hearing) is subject to future audit by the DPU and evaluation at hearing by other parties. Therefore, we conclude that the \$6.5 million refund from the 2017 EBA applied to the 2016 EBA balance is interim pending the final results

of the review of the DPU's audit and a hearing following that audit. Finally, we find the alternate treatment of the overlapping EBA deferral balances proposed by PacifiCorp is reasonable, as it avoids unnecessary rate changes.

III. ORDER

For the reasons expressed above:

- 1) We approve PacifiCorp's proposal to apply the interim \$6.5 million credit to the 2016 EBA balance; and
- 2) We direct PacifiCorp to file revised tariff sheets in this docket to change the interim rates to zero once the 2016 EBA balance is collected.

DATED at Salt Lake City, Utah, April 25, 2017.

/s/ Melanie A. Reif
Presiding Officer

Approved and Confirmed April 25, 2017, as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#293571

DOCKET NO. 17-035-01

- 5 -

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this 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 PSC does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the PSC'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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on April 25, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Data Request Response Center (datarequest@pacificorp.com)
PacifiCorp

Robert C. Lively (bob.lively@pacificorp.com)
Yvonne R. Hogle (yvonne.hogle@pacificorp.com)
Rocky Mountain Power

Patricia Schmid (pschmid@utah.gov)
Justin Jetter (jjetter@utah.gov)
Robert Moore (rmoore@utah.gov)
Steven Snarr (ssnarr@utah.gov)
Assistant Utah Attorneys General

Gary A. Dodge (gdodge@hjdllaw.com)
Hatch, James & Dodge
Attorney for U.A.E.

Erika Tedder (etedder@utah.gov)
Division of Public Utilities

By Hand-Delivery:

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant