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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
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**UAE’S REPLY COMMENTS REGARDING THE COMMISSION’S
2017 REPORT TO THE PUBLIC UTILITIES AND TECHNOLOGY INTERIM
COMMITTEE REGARDING THE ENERGY BALANCING ACCOUNT**

Pursuant to the Commission’s Scheduling Order in this docket dated March 23, 2017, the Utah Association of Energy Users (“UAE”) hereby files its reply comments on the Public Service Commission’s Solicitation for comments regarding “whether allowing an electrical corporation to continue to recover [100% of the electrical corporation's prudently incurred] costs under Subsection (2)(d) [of the EBA statute] is reasonable and in the public interest.”

Reply to Rocky Mountain Power (“RMP”)

UAE has stated its position on the importance of an EBA sharing mechanism in its initial comments and will not repeat those arguments here. Rather, UAE responds here to certain statements made by RMP in the Company’s initial comments. The absence of a UAE response to each assertion made by RMP does not constitute UAE’s agreement with, or acceptance of, RMP’s contentions.

RMP implies that it has refrained from filing general rate cases in those jurisdictions with no or “minimal” sharing bands, citing California, Idaho – and most recently, Utah. However, RMP has not filed a general rate case in Wyoming since March 2015, nor has the Company filed a general rate case in Oregon since March 2012, although both of these states have robust sharing bands. UAE believes that the slowdown in rate case filings from the Company in the last few years has less to do with whether a state has an EBA sharing band than it has to do with the Company’s recent earnings levels.

In support of its argument against sharing bands, RMP also cites to the Dominion Energy 191 Account and the absence of a sharing band for Dominion Energy’s gas pass-through costs. However, there is an important structural difference between Dominion Energy and RMP: a significant portion of the Dominion Energy customer load has the freedom to purchase its gas supplies in the competitive market, whereas RMP customers in Utah are 100% captive to RMP (except for self-generation). This makes the premise under which energy costs are flowed through to customers non-comparable between the two utilities. When all customers are 100% captive to the utility, setting the right economic incentives to manage pass-through costs takes on a much greater importance than it does when customers have the option to find alternative suppliers to the utility.

RMP points out that the most recent EBA provided for a refund to customers that was greater than would have occurred with the sharing band. UAE acknowledges this fact and notes that UAE has never maintained that sharing of cost deviations and risks should only occur in one direction. That is, if RMP is able to bring net power costs down in between rate cases, then it is reasonable for RMP to share in the benefit of doing so. Further, despite Utah's temporary abandonment of sharing bands, UAE notes that the Company's other jurisdictions with sharing mechanisms (Oregon, Wyoming, Idaho, Washington) have continued to maintain them and continue to provide operational incentives that are currently absent in Utah. Thus, Utah benefits from the incentives being set from the sharing bands in other Company jurisdictions and the impact those incentives have on the Company's management of its system net power costs.

Submitted this 16th day of October 2017.

HATCH, JAMES & DODGE



/s/ _____
Gary A. Dodge
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 16th day of October 2017 on the following:

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