

DPU EXHIBIT 1.1 Dir – PUBLIC
EXECUTIVE SUMMARY

Docket No. 17-035-01

November 15, 2017

January 1, 2016 – December 31, 2016

2017 EBA AUDIT REPORT FOR ROCKY MOUNTAIN POWER

Prepared by the Utah Division of
Public Utilities

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The Utah Division of Public Utilities (Division) and its outside consultants Daymark Energy Advisors, Inc. (Daymark) have completed an audit of Rocky Mountain Power's (Company) Energy Balancing Account (EBA) for calendar year 2016. The Division recommends the Commission allow for additional refund of \$8,631,195 above the \$6,542,837 refund originally requested by the Company.

The Division's findings specifically addressed in this report are as follows:

1. The Division believes the costs presented in the EBA are generally accurate and tie to the supporting schedules and source documents that were provided by the Company. No errors came to the Division's attention that would change the calculation of the final dollar amount of actual net power costs the Company presented. See the Daymark section below for Daymark's total Company adjustment amounts and the Utah allocation amounts. The Division's recommendation for additional recovery is based on Daymark's adjustments.
2. The Company's level of provided documentation was comparable to that provided in prior filings.
3. The Company was overall timely in its data request responses and provided complete responses. When needed, phone conferences or phone calls were held with the Company's personnel during the audit and the Division appreciates the willingness of Company representatives to discuss the subjects of the phone calls and conferences.
4. The Division asked Daymark to review the impact of PacifiCorp's second full calendar year of participation in the EIM. Specifically, the Division also asked Daymark to review the Company's support and calculations of a \$19.5 million dollar EIM benefit as discussed in its filing. Daymark's report explains the full scope and the results of its EIM review.
5. In its 2016 audit report the Division stated that it, "will recommend disallowing Trapper Mine operating costs in the next EBA filing and or next general rate case if it does not receive enough supporting documentation to determine prudence or have a chance to determine prudence." The Division met with Company personnel about this matter and through discussions agreed to a list of documentation that would be provided by the

Company to resolve the Division's documentation concern. This is discussed in greater detail in section 7.3.3 of the Division's audit report.

Daymark has also completed an EBA Audit Report. Its recommendations, which the Division adopts as part of its recommendations to the Commission, are outlined below.

1. Daymark recommends disallowing replacement power cost resulting from 14 outages. These outages demonstrated sufficient imprudence that they recommend reducing EBA costs to reflect replacement power costs related to the outages. A detail explanation of each outage can be found in their report. Daymark estimates net replacement power costs associated with these outage on a total Company basis of \$517,681. The Utah allocated amount for this adjustment is \$210,485.
2. Daymark recommends that based on the available information on the record the Company was imprudent in the management of the Bridger Mine which ultimately led to the unsuccessful recovery efforts and abandonment of the Joy Longwall. We therefore recommend the entire cost of the recovery effort and abandonment be refunded by the Company to its customers. The EBA deferral request is being adjusted to remove the \$12.5 million Joy Longwall abandonment expense and \$7.6 million in recovery cost on a total Company NPC basis for a total of \$20.1 million. The Utah allocated amount for this adjustment is \$8,420,710.
3. Daymark reviewed Actual vs Base NPC related to wholesale sales revenue and purchase power expense and natural gas and power transactions. The review in these areas of analysis did not generate any adjustments.
4. As stated above Daymark also reviewed the PacifiCorp's Energy Imbalance Market Participation and concluded that PacifiCorp's participation appears reasonable and the Company's estimate of benefits is not materially overstated.

The combined adjustments for outages and Joy Longwall on a Utah allocated basis is \$8,631,195. This amount also includes interest adjustments. In addition to the Company's proposed refund of \$6,542,837, the Division recommends that the Commission direct to refund \$8,631,195 for Utah's share of Outages and the Joy Longwall recovery and abandonment costs. The Combined refunds total \$15,174,032.

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