

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account

DOCKET NO. 17-035-14

ORDER

ISSUED: May 31, 2017

PROCEDURAL HISTORY

On March 15, 2017, PacifiCorp, doing business as Rocky Mountain Power ("PacifiCorp"), filed an application ("Application") requesting approval to revise the collection rates for the Renewable Energy Credits ("REC") Balancing Account ("RBA") in its P.S.C.U. No. 50 ("Tariff") Electric Service Schedule No. 98, "REC Revenue Adjustment" ("Schedule 98"). PacifiCorp's Application seeks a decrease of approximately \$8.1 million, or 0.4 percent, which is the difference between the current Schedule 98 RBA collection level of \$7.1 million and the Application's proposed credit amount of \$0.968 million. PacifiCorp requests an effective date of June 1, 2017 for the change.

Pursuant to the Public Service Commission's ("PSC") March 29, 2017 Scheduling Order and Notice of Interim Rates Hearing ("Scheduling Order"), the Division of Public Utilities ("DPU") filed comments on April 27, 2017. No other party filed comments in this docket.

On May 16, 2017, the PSC's designated Presiding Officer conducted a hearing to consider the Application.

BACKGROUND

On September 13, 2011, the PSC approved a Settlement Stipulation that resolved several dockets, including Docket No. 10-035-14¹ and Docket No. 10-035-124² ("2011 General Rate Case"), and authorized PacifiCorp to implement the RBA. Pursuant to the Settlement Stipulation, the RBA tracks the difference between REC revenue included in rates and actual REC revenue collected through PacifiCorp's sales of RECs. Each March 15th, PacifiCorp files an application to recover any revenue shortfall, or credit any revenue excess, for the applicable deferral period. The annual variance includes applicable carrying charges and other adjustments. The annual revenue shortfall or excess is allocated to the various customer classes and results in an adjustment to applicable Tariff rate schedules, effective June 1.

Also relevant to this matter, in Docket No. 14-035-30 ("2014 RBA"),³ the PSC approved PacifiCorp's proposal to amortize a \$16.993 million under-collected balance for the calendar year 2013 deferral period over three years in annual installments of approximately \$5.664 million (with no carrying charges applied during the collection period). Additionally, in Docket No. 15-035-27 ("2015 RBA"),⁴ the PSC approved PacifiCorp's proposal to amortize a \$5.607 million under-collected balance for the

¹ *In the Matter of the Application of the Utah Association of Energy Users for a Deferred Accounting Order Directing Rocky Mountain Power to Defer Incremental REC Revenue for Later Ratemaking Treatment*, Docket No. 10-035-14 (Report and Order, dated September 13, 2011).

² *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 10-035-124 (Report and Order, dated September 13, 2011).

³ *In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account*, Docket No. 14-035-30 (Order Confirming Bench Ruling, dated August 4, 2014).

⁴ *In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account*, Docket No. 15-035-27 (Order Confirming Bench Ruling, dated May 26, 2015).

calendar year 2014 deferral period over two years in annual installments of approximately \$2.804 million (again with no carrying charges applied during the collection period). The combination of the above described collections and charges resulted in a final December 31, 2016 balance of \$0.414 million remaining to be collected from the 2014 and 2015 deferral balances.

At current rates, PacifiCorp projects the 2017 RBA, for the calendar year 2016 deferral period, will have an over-collected balance of \$1.382 million by the requested June 1, 2017 effective date. The combination of the predicted 2017 RBA over-collection and the remaining balances from previous deferral periods result in the net refund that is the subject of the Application.

PACIFICORP'S APPLICATION

PacifiCorp's proposed modification to Schedule 98 rates allocates the RBA revenue requirement/refund to the various rate schedules over a one-year period beginning June 1, 2017. PacifiCorp determines the proposed 2017 RBA net revenue requirement (refund) of negative \$0.968 million by subtracting the \$1.382 million, which PacifiCorp will owe to customers stemming from the projected 2017 RBA balance,⁵ from the remaining 2014 RBA and 2015 RBA deferral balance of \$0.414 million.⁶ PacifiCorp's testimony in support of its Application presents the actual 2016 REC revenues

⁵ This value represents the 2016 actual and 2017 projected REC revenues adjusted for a 10% retention incentive, Leaning Juniper contract revenue, 2017 REC revenues in base rates, and carrying charges for the deferral period and for the interim period of January through May of 2017.

⁶ This value represents the sum of the 2014 RBA and 2015 RBA deferred balances as of December 31, 2015, adjusted by the 2016 Schedule 98 revenue, the estimated Schedule 98 revenue for January 1, 2017 through May 31, 2017, and including other minor adjustments.

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used to set rates in this docket, the calculation of the RBA balance for the various deferral periods, the proposed rate spread for the various deferral periods, and the final rate design.

With the exceptions noted below, PacifiCorp proposes to allocate the 2017 RBA deferral balance of \$0.968 million it owes to customers consistent with the Step 2 base RBA revenues the PSC approved in Docket No. 13-035-184, PacifiCorp's 2014 general rate case⁷ ("2014 General Rate Case").

Consistent with past RBA filings, PacifiCorp proposes two modifications to rate spread. First, PacifiCorp calculated the share of the deferred RBA balance for Schedule Nos. 7 (Security Area Lighting Closed to New Service), 11 (Street Lighting Company-Owned System), 12 (Street Lighting Customer-Owned System), and 15 (Outdoor Nighttime Lighting Service, Traffic and Other Signal System Service Customer-Owned System) by multiplying the total deferred RBA balance by the percentage of REC revenue allocation the PSC approved for these schedules in Docket No. 12-035-68.⁸ PacifiCorp asserts this is appropriate because the approved rate spread for these schedules in PacifiCorp's 2014 General Rate Case was zero. Second, the deferred REC revenue allocation for a contract customer, whose contract the PSC approved in Docket No. 15-035-81,⁹ is based on the overall RBA percentage applicable to tariff customers in Utah. PacifiCorp then allocates the remaining REC

⁷ *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 13-035-184 (Report and Order, dated August 29, 2014).

⁸ *In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account, by Crediting Revenues of Approximately \$4.0 Million*, Docket No. 12-035-68 (Order Establishing Final Rates, dated November 9, 2012).

⁹ *See In the Matter of the Application of Rocky Mountain Power for Approval of the Electric Service Agreement between PacifiCorp and Nucor Corporation*, Docket No. 15-035-81 (Order Approving Electric Service Agreement, dated December 17, 2015).

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revenue to the other customer classes consistent with the approved rate spread in the corresponding rate case.

The following table provides a comparison of Schedule 98's current and proposed RBA collection/refund rates using the above allocation proposal.

Schedule	Current Schedule No. 98 Collection Rate	Proposed Schedule No. 98 Refund Rate
Schedule 1	0.46%	-0.06%
Schedule 2	0.46%	-0.06%
Schedule 3	0.46%	-0.06%
Schedule 6	0.37%	-0.06%
Schedule 6A	0.49%	-0.09%
Schedule 6B	0.37%	-0.06%
Schedule 7	0.11%	-0.01%
Schedule 8	0.44%	-0.06%
Schedule 9	0.43%	-0.08%
Schedule 9A	0.47%	-0.09%
Schedule 10	0.42%	-0.05%
Schedule 11	0.11%	-0.01%
Schedule 12	0.11%	-0.01%
Schedule 15 (Traffic and Other Signal Systems)	0.44%	-0.04%
Schedule 15 (Metered Outdoor Nighttime Lighting)	0.28%	-0.04%
Schedule 21	0.68%	-0.16%
Schedule 23	0.36%	0.00%
Schedule 31	*	*
Schedule 32	*	*

*The rate for Schedules 31 and 32 shall be the same as the applicable general service schedule.

During the hearing, PacifiCorp provided a summary of its written testimony. PacifiCorp represented the net revenue requirement of negative \$0.968 million to be refunded to Utah customers during the period June 1, 2016 through May 31, 2017 was calculated in a manner consistent with previous RBA filings and the method set forth in the 2011 General Rate Case. PacifiCorp recommends

the PSC approve its request to refund this amount on an interim basis, starting June 1, 2017, and testified this request is in the public interest.

THE DPU'S COMMENTS AND TESTIMONY

The DPU recommends the PSC approve the Application and the proposed changes to Schedule 98 as filed, effective June 1, 2017, on an interim basis until it completes its final audit of the RBA as provided in the Scheduling Order.

The DPU observes that while the amount of RECs sold in 2016 was less than in 2015 (1,407,072 as compared to 1,967,735) REC revenues increased between 2015 and 2016 (\$4,242,325 as compared to \$5,397,171) as a result of an increase in the average price of RECs during the period. The DPU reiterates its recommendation that the PSC consider canceling the RBA during PacifiCorp's next general rate case.

DISCUSSION, FINDINGS AND CONCLUSIONS

Based on the Application, the evidence presented, and the recommendation of the DPU, we find the Application is reasonable and consistent with our prior orders. Accordingly, the requested Schedule 98 rate changes are approved, effective June 1, 2017, on an interim basis, subject to further review of the DPU's final audit report and any associated comments.¹⁰

ORDER

PacifiCorp's Application for authority to revise Schedule 98 and implement a \$0.968 million refund is approved as filed on an interim basis, effective June 1, 2017, subject to the PSC's right to order a refund or surcharge following final review of the DPU's audit and any associated comments.

¹⁰ The Scheduling Order in this docket allows parties an opportunity to submit comments on the DPU's audit report by August 4, 2017 and the opportunity to provide reply comments by August 25, 2017.

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DATED at Salt Lake City, Utah, May 31, 2017.

/s/ Michael J. Hammer
Presiding Officer

Approved and Confirmed May 31, 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#294314

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 May 31, 2017, a true and correct copy of the foregoing was served upon the following as indicated below:

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