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Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

TO: Public Service Commission

FROM: Division of Public Utilities:
Chris Parker, Director,
Artie Powell, Energy Manager
Jeff Einfeldt, Utility Analyst
Charles Peterson, Technical Consultant

DATE: February 14, 2017

DOCKET: **Docket No. 17-035-T02, In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 300, Regulation Charges**

RECOMMENDATIONS (Approve)

The Division of Public Utilities (Division) recommends that the Commission approve Rocky Mountain Power's (Company) proposed changes to tariff 300: 1) revising the carrying charge from 4.45% to 4.19%, 2) deleting the reference to the Federal Reserve Board of Governors publication of Aaa and Baa corporate bond yields, and 3) after 2017, changing the effective date of the annual carrying charge update from March 1st to April 1st with a new filing deadline of March 1st.

DISCUSSION and CONCLUSION

On February 1, 2017 Rocky Mountain Power filed revised tariff sheets to implement the annual carrying charge update. In response to the Commission's action request to the Division also dated February 1 2017, the Division reviewed the filing including the proposed 4.19 percent

carrying charge and has determined that the proposed carrying charge was correctly calculated pursuant to the Commission's Order dated January 20, 2016 in Docket No. 15-035-69 (Order).

The Federal Reserve announced in October 2016 they will no longer publish several interest rates (and other information) and referred users to the third-parties that compiled that information. One of the sources listed by the Federal Reserve for bond rates was Moody's. Consequently, the Company proposes deleting reference to The Federal Reserve Board of Governors as the source for its Aaa and Baa bond ratings as a basis for the Company's calculation of its carrying charge.

In the current filing, the Company utilized the Aaa and Baa rates published by Moody's as a basis for its carrying charge calculation for the current year (the source referred to by the Federal Reserve). To ensure that the necessary data is available, the Company requests that the filing deadline and the effective date be delayed to March 1st and April 1st respectively. The Division believes this request is reasonable and recommends the Commission order the changes.

In its current application the Company also requested that the effective date be delayed to April 1, 2017. However, the Company was able with this application to meet the Commission's ordered filing deadline of February 1, 2017, and, therefore, the Division does not believe it necessary to delay the effective date with this application.

Based on the Division's investigation, the Division recommends the Commission approve the revised Schedules 300 including 1) the 4.19 percent carrying charge, and 2) deletion of the reference to the Federal Reserve Board of Governors. The Division also recommends that the Commission change going forward the filing and effective dates as requested. However, the Division does not believe it necessary to delay the effective date with the current application and recommends that the Commission direct the Company to amend and refile its tariff to reflect a March 1, 2017 effective date.

Attachments

cc: Michele Beck, Committee of Consumer Services
Bob Lively, Rocky Mountain Power