

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 300, Regulation Charges	<u>DOCKET NO. 17-035-T02</u>
In the Matter of a Request for Agency Action to Review the Carrying Charges Applied to Various Rocky Mountain Power Account Balances	<u>DOCKET NO. 15-035-69</u> <u>ORDER</u>

ISSUED: February 27, 2017

### **I. PROCEDURAL HISTORY**

On February 1, 2017, PacifiCorp, dba Rocky Mountain Power, ("PacifiCorp"), filed an application ("Application") with the Public Service Commission ("PSC") in Docket No. 17-035-T02 proposing changes to Section 9R.4 of Electric Service Schedule No. 300, Regulation Charges ("Schedule 300"), of its Tariff P.S.C.U. No. 50 ("Tariff"). On February 3, 2017, the PSC issued a Notice of Filing and Comment Period and on February 14, 2017, the Division of Public Utilities ("DPU") filed comments. On February 23, 2017, PacifiCorp filed reply comments including revised Tariff sheets.<sup>1</sup> On February 27, 2017, the DPU filed comments providing its review of PacifiCorp's revised Tariff sheets. No other party filed comments.

### **II. BACKGROUND**

On January 20, 2016, the PSC issued an Order addressing PacifiCorp's carrying charge rates ("Carrying Charge Order") in Docket No. 15-035-69. The Carrying Charge Order approved a carrying charge rate for PacifiCorp's Demand-Side Management Balancing Account, Renewable Energy Credit Balancing Account, Home Energy Lifeline Program, Solar Incentive

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<sup>1</sup> "Tariff sheets" refers to the clean and red-lined versions of Tariff Sheet No. 300.2.

Program, Blue Sky Program, customer security deposits, and customer overpayments based on the average of the annual Aaa and Baa corporate bond interest rates for the previous year as published by the Federal Reserve Board of Governors, effective March 1, 2016. The PSC also approved updating the carrying charge rate on March 1 of each subsequent year using the same information and directed the DPU to collaboratively develop and file a proposal identifying a process for annually updating the carrying charge rate.

On February 11, 2016, the DPU filed a proposed process for implementing PacifiCorp's carrying charge rate updates ("Update Process"), including filing dates and effective dates. On February 19, 2016, the PSC approved the Update Process. Also on February 19, 2016, the PSC approved revisions to PacifiCorp's Tariff reflecting the PSC's decisions in the Carrying Charge Order. Among other things, these revisions added the method and timing for annually updating the carrying charge rate in Section 9R.4 of Schedule 300 and set the carrying charge rate at 4.445 percent. On February 26, 2016, the PSC approved rounding the carrying charge interest rate from 4.445 percent to 4.45 percent, effective March 1, 2016.<sup>2</sup>

### **III. PACIFICORP'S APPLICATION**

PacifiCorp's Application seeks approval to update the annual carrying charge rate from 4.45 percent to 4.19 percent based on the average of the Aaa and Baa corporate bond yields provided by Moody's Analytics ("MA"), effective April 1, 2017. PacifiCorp also proposes to: 1) change the required filing date for the annual carrying charge rate application from February 1 to

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<sup>2</sup> Note: Subsequent to these decisions, the PSC's December 29, 2016, Phase I Report and Order in Docket No. 16-035-36, *In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan ("STEP") Act*, approved a carrying charge for the STEP balancing account to be reset annually and based on the method determined in Docket No. 15-035-69.

March 1; 2) change the effective date of the annual update in Schedule 300 from March 1 to April 1; and 3) remove the language "as published by the Federal Reserve Board of Governors" from Schedule 300. PacifiCorp's Application and proposed modifications to Tariff Sheet No. 300.2 reflect these proposals and other administrative changes relating to the filing.

According to PacifiCorp, the Federal Reserve no longer publishes the Aaa and Baa corporate bond yields. In future filings, PacifiCorp proposes to use a reliable data source for the Aaa and Baa corporate bond yields, subject to PSC review and approval. PacifiCorp is concerned the necessary information regarding bond yields may not be available in time for a February 1 filing deadline and thus proposes extending the annual carrying charge rate update filing date from February 1 to March 1 going forward.

#### **IV. THE DPU'S COMMENTS**

The DPU recommends the PSC approve PacifiCorp's proposed Tariff modifications with the exception that the effective date for implementation of the updated carrying charge rate should not be delayed this year, as proposed by PacifiCorp. The DPU believes that PacifiCorp's proposed delay is unnecessary given that PacifiCorp's Application met the current February 1 filing deadline.

The DPU summarized the Application, verified that the Federal Reserve no longer publishes corporate bond yields, and determined the proposed 4.19 percent carrying charge rate was calculated pursuant to the Carrying Charge Order with the exception that PacifiCorp used Aaa and Baa rates published by MA. In addition, the DPU concurs with PacifiCorp's proposal to change the annual filing date and effective date for interest rate revisions going forward, and that

the language "as published by the Federal Reserve Board of Governors" should be removed from the Tariff.

#### **V. PACIFICORP'S REPLY COMMENTS**

In its reply comments, PacifiCorp stated it did not object to the DPU's recommendation that this year's carrying charge interest rate effective date remain at March 1, 2017. Accordingly, PacifiCorp provided revised Tariff sheets reflecting a March 1, 2017 effective date for implementation of the 4.19 percent interest rate and clarifying that beginning in 2018 the carrying charge rate will be updated to be effective April 1 each year. In its February 27, 2017 comments, the DPU concludes PacifiCorp's revised Tariff sheets address its concerns and recommends the PSC approve them.

#### **VI. DISCUSSION AND FINDINGS**

Based on PacifiCorp's Application, reply comments, and revised tariff sheets, and the DPU's comments and recommendations, we approve a carrying charge rate revision of 4.19 percent using data from MA, effective March 1, 2017. We also find PacifiCorp's proposal to change the carrying charge annual filing and effective dates going forward, the carrying charge rate calculation data source, and other proposed Tariff language changes to be just, reasonable, and in the public interest. Accordingly, we approve PacifiCorp's Application and revised Tariff sheets.

#### **VII. ORDER**

1. We approve a carrying charge interest rate of 4.19 percent effective March 1, 2017.

2. We approve PacifiCorp's proposed changes to Schedule 300, Sheet No. 300.2, as filed on February 23, 2017.
3. We approve a March 1 filing date for the annual carrying charge rate update application.

DATED at Salt Lake City, Utah, February 27, 2017.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#291907

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 Commission 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 Commission 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 Commission'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 February 27, 2017, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

Data Request Response Center ([datarequest@pacificorp.com](mailto:datarequest@pacificorp.com))  
PacifiCorp

Robert C. Lively ([bob.lively@pacificorp.com](mailto:bob.lively@pacificorp.com))  
Yvonne Hogle ([yvonne.hogle@pacificorp.com](mailto:yvonne.hogle@pacificorp.com))  
Daniel Solander ([daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com))  
Jeff Larsen ([jeff.larsen@pacificorp.com](mailto:jeff.larsen@pacificorp.com))  
Tarie Hansen ([tarie.hansen@pacificorp.com](mailto:tarie.hansen@pacificorp.com))  
Rocky Mountain Power

Gary A. Dodge ([gdodge@hjdllaw.com](mailto:gdodge@hjdllaw.com))  
Hatch, James & Dodge

Kevin Higgins ([khiggins@energystrat.com](mailto:khiggins@energystrat.com))  
Energy Strategies

Howard Geller ([hgeller@swenergy.org](mailto:hgeller@swenergy.org))  
Southwest Energy Efficiency Project

Sophie Hayes ([sophie@utahcleanenergy.org](mailto:sophie@utahcleanenergy.org))  
Mitalee Gupta ([mgupta@utahcleanenergy.org](mailto:mgupta@utahcleanenergy.org))  
Utah Clean Energy

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

Erika Tedder ([etedder@utah.gov](mailto:etedder@utah.gov))  
Division of Public Utilities

DOCKET NOS. 17-035-T02 and 15-035-69

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By Hand-Delivery:

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

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Administrative Assistant