

DPU EXHIBIT 1.1 Dir – PUBLIC
EXECUTIVE SUMMARY

Docket No. 19-035-01

November 14, 2019

January 1, 2018 – December 31, 2018

2019 EBA AUDIT REPORT FOR ROCKY MOUNTAIN POWER

Prepared by the Utah Division of
Public Utilities

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1 EXECUTIVE SUMMARY

The Utah Division of Public Utilities (Division or DPU) and its outside consultant Daymark Energy Advisors, Inc. (Daymark) have completed an audit of Rocky Mountain Power's (Company) Energy Balancing Account (EBA) for calendar year 2018. The Division recommends the Commission allow the Company to recover \$23,173,143 for the stated period. This is \$704,209 less than the recovery amount originally requested by the Company.

The Division's findings specifically addressed in this report (DPU Report) are as follows:

1. The costs presented in the EBA are accurate and tie to the supporting schedules and source documents that were provided by the Company. However, Company witness Michael G. Wilding's, testimony stated, "In the 2019 EBA the non-fuel savings are allocated to Utah using the system overhead ('SO') allocation factor from the June 30, 2018 results of operations. At the time of this filing, the calendar year SO allocation factor was not yet available."¹ In a Data Request (DPU Data Request 8.3), the Division asked the Company to provide updated allocation amounts using the allocation factor for the calendar year 2018. Per the Company's response, the Utah allocation amount for the non-fuel FAS 106 savings amount changed from \$2,921,597 to \$2,942,828, an increase in an EBA deferral reduction amount of \$21,231. Although minor, the Division proposes to use the updated allocation amount for its recommended EBA recovery amount. The increased savings reduce the requested recovery amount in the filing by \$21,231. This adjustment in turn affects interest computations. The total amount is \$22,320 after an interest adjustment of \$1,089.
2. The Company's level of provided documentation was comparable to that provided in prior filings.
3. The Company was generally timely in its Data Request responses and provided complete responses. When needed during the audit, phone conferences were held or emails exchanged with the Company's personnel. On September 10, 2019, the Division and its consultants visited the Company's trading center in Portland Oregon. The Division appreciates the Company's willingness to discuss EBA subject matter over the phone, through emails, and in onsite visits.

¹ See Direct Testimony of Michael G. Wilding; Page 10; Lines 207-212.

4. For its scope of work, the Division asked Daymark to review variants of Actual versus Base NPC, Outages, Natural Gas and Power Transactions, a high level review of EIM benefits, and changes to Energy Risk Management policies. The results of its review of these items are discussed in separately issued Testimony, Executive Summary and 2019 EBA Audit Report.²
5. Based on its audit of outages, Daymark is recommending an adjustment to reduce NPC on a Utah allocated basis of \$681,889. This amount combines an EBAC adjustment of \$646,755 and an interest adjustment of \$35,134 which the Division adopts.

The combined adjustments for outages (\$681,889) and error correction (\$22,320) total \$704,209. This amount includes interest adjustments. The \$704,209 reduces the Company's proposed recovery of \$23,877,352 to \$23,173,143.

The Division's audit report, its purpose, and scope is included as DPU Confidential Exhibit 1.2. The Daymark audit report, its purpose, and scope is included as DPU Confidential Exhibit 2.3.

² Daymark Exhibits 2.0, 2.2, and Confidential Exhibit 2.3.