



State of Utah

Department of Commerce Division of Public Utilities

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Preliminary Recommendation

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant

Date: April 25, 2019

Re: **Application of Rocky Mountain Power for Authority to Revise Rates in Tariff
Schedule No. 98, Renewable Energy Credits Balancing Account**

Docket No. 19-035-11

Recommendation (Approval)

After a preliminary review of Rocky Mountain Power's (Company) application, the Division of Public Utilities (Division) recommends the Utah Public Service Commission (Commission) approve the application with the proposed rate change becoming effective, on an interim basis, on June 1, 2019.

Issue

The Company submitted its application to the Commission on March 15, 2019, requesting approval of a rate change in the Renewable Energy Credits Balancing Account (2019 RBA), Tariff Schedule No. 98, pursuant to the terms and conditions of the tariff. On March 15, 2019, the Commission issued an Action Request to the Division to review the application and make recommendations to the Commission by April 15, 2019. On March 20, 2019, the Commission held a scheduling conference in the above matter. The Commission's Scheduling Order dated

March 29, 2019, established April 26, 2019 as the date the Division would file initial comments on the 2019 RBA application.

Background

Docket No. 19-035-11 is a request to change the rate in the Renewable Energy Credits Balancing Account, Tariff Schedule No. 98.¹ Tariff Schedule No. 98 tracks the difference between renewable energy certificate (REC) revenues included in rates and actual REC revenues collected from the sale of RECs by the Company. The variances between REC revenues included in rates and actual REC revenues collected are identified and deferred each month for one full calendar year (or as ordered by the Commission). Annually on March 15, the Company files its RBA application to present the variances, including applicable carrying charges, with a 100 percent true-up for the difference between the amounts in rates and actual sales occurring through Tariff Schedule 98. The collection or credit under Tariff Schedule No. 98 is to be made annually, effective June 1. The application under this Docket is the eighth deferred RBA rate adjustment under the RBA.

Discussion

The Company's 2019 RBA request will recover a deferral balance of \$0.8 million from customers over a one year period beginning June 1, 2019 through May 31, 2019. Should this application be approved by the Commission, the proposal would result in an overall increase of 0.02 percent from the current rates.

¹ Renewable Balancing Account as set in Docket No. 10-035-124 (2011 Rocky Mountain Power General Rate Case Stipulation).

The 2019 RBA deferral balance includes the following:

2018 REC Revenue Deferred Balance @ December 31, 2017	\$ (62,299)
True Up for using actual resource allocations for Nov.17 & Dec.17	-
REC Revenue Deferred Balance @ December 31, 2017 in this RBA filing	(62,299)
2018 Actual REC Revenue	1,280,292
10% retention incentive on incremental REC sales	(128,029)
2018 Leaning Juniper Contract Revenue	3,489
2018 REC Revenues in Base Rates	(2,000,000)
2018 Schedule 98 Surcharge/(Surcredit)	(104,559)
Estimated Schedule 98 Surcharge/(Surcredit) January 2019 to May 2019	225,224
Carrying Charges for Deferral Period (January - December 2018)	(33,143)
Carrying Charges for Interim Period (January 2019 - June 2019)	(16,585)
Total 2019 RBA Deferral Balance	\$ (835,609)

The Company's proposal allocates the RBA deferral balance across customer classes based on the rate spread approved in the rate case in Docket No. 13-035-184, Step 2, (the 2014 general rate case) with three modifications. The first modification is to Schedules 7, 11, 12 and 15 (Metered Outdoor Nighttime Lighting). Because the 2014 Stipulation rate spread for the Metered Outdoor Nighttime Lighting was zero, a separate calculation is needed to adjust these schedules. This calculation includes the total deferred REC revenue times the percentage of these schedules' deferred REC revenue allocation for the REC proceeding in Docket No. 12-035-68. The second modification includes Special Contract Customer 1 in the revenue allocation as approved by the Commission in Docket No. 17-035-72. The third modification removes Special Contract Customer 3 from the RBA as approved in Docket No. 16-035-33. The remaining deferred REC revenues are allocated to the other customer classes consistent with the approved rate spread. This proposal results in an overall increase of 0.02 percent from current rates.

The Company has indicated that it is actively marketing RECs through bilateral discussions with counterparties and brokers and plans to issue periodic REC reverse request for proposals (RFPs).

Conclusion

The Division has performed a preliminary review of the filing and corresponding Commission Orders and found that, in general, the Company has complied with the Commission's Orders.

The Division recommends the Commission approve the change to Schedule No. 98 as filed and approve the rate increase on an interim basis until a final audit of the REC revenues contained in this filing can be completed by the Division.

Cc: Joelle Steward, Rocky Mountain Power
Yvonne Hogle, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List