

DPU EXHIBIT 1.1 Dir – PUBLIC
EXECUTIVE SUMMARY

Docket No. 20-035-01

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January 1, 2019 – December 31, 2019

2020 EBA AUDIT REPORT FOR ROCKY MOUNTAIN POWER

Prepared by the Utah Division of
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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 2019. The Division recommends the Commission allow the Company to recover \$34,049,354 for the stated period. This is \$2,770,703 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 appear to be accurate and tie to the supporting schedules and source documents that were provided by the Company. However, Company witness David G. Webb's testimony stated, "In the 2020 EBA the non-fuel savings are allocated to Utah using the system overhead ('SO') allocation factor from the June 30, 2019 results of operations. At the time of this filing, the calendar year SO allocation factor was not yet available."¹ The Division referred to the Utah Jurisdiction Results of Operations for Period Ended December 31, 2019, filed by the Company on April 30, 2020, to determine the correct allocation factor for the calendar year 2019. Using the updated SO allocation, the Division determined that the Utah allocation amount for the non-fuel FAS 106 savings changed from \$2,947,878 to \$2,927,663, resulting in a \$20,215 decrease in the Division's recommended EBA deferral adjustment. Although minor, the Division proposes to use this updated allocation amount in its recommended EBA recovery calculation. The total proposed adjustment due to the updated SO allocation factor is \$21,822 after the associated interest adjustment of \$1,607.
2. The Company's level of documentation was generally comparable to that provided in prior filings. However, the Commercial Objectives Reports (CORs) contained language that was static and generally unchanged from year to year. Daymark concluded that CORs are not reviewed carefully and are no longer satisfactory documentation of trade purpose for discretionary deals.²
3. The Company was generally complete and timely in its Data Request responses. However, as of the date of this testimony, the Company has an outstanding request for

¹ See Direct Testimony of David G. Web; Page 11; Lines 202-207.

² See Daymark Confidential Audit Report Exhibit 2.3, pages 94-102.

the final determination of a root cause analysis of an outage that occurred in August 2019. As needed during the audit, phone conferences were held or emails exchanged with the Company's personnel.

4. The Division provided Daymark a scope of work for Daymark to perform. 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 its separately issued Testimony, Executive Summary, and 2020 EBA Audit Report.³
5. Based on its audit of outages, Daymark is recommending an adjustment to reduce NPC on a Utah allocated basis of \$2,792,525. This amount combines an EBAC adjustment of \$2,617,430 and an interest adjustment of \$175,095 which the Division adopts.
6. Daymark's and the Division's combined adjustment for outages is (\$2,792,525) and for the error correction is \$21,822, resulting in a total adjustment of (\$2,770,703). This amount includes interest associated adjustments of (\$173,488). The (\$2,770,703) total Division recommended Utah allocated adjustment reduces the Company's proposed recovery of \$36,820,057 to \$34,049,354.

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.

³ Daymark Exhibits 2.0, 2.2, and Confidential Exhibit 2.3.