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Rocky Mountain Power’s Application for Approval of the 2021 Energy Balancing Account	<u>DOCKET NO. 21-035-01</u> <u>ORDER APPROVING SETTLEMENT STIPULATION</u>
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ISSUED: February 23, 2022

SYNOPSIS

The Public Service Commission (PSC) approves a Settlement Stipulation that resolves this docket.

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**1. PROCEDURAL HISTORY AND BACKGROUND**

On January 4, 2021, Rocky Mountain Power (RMP) filed a Notice of Intent to File 2021 Energy Balancing Account (EBA) and on March 15, 2021, RMP filed its Application to Decrease the Deferred EBA Rate through the EBA Mechanism. RMP supplemented the Application in a June 14, 2021 Motion (“Motion”) for Leave to File Supplemental Testimony (“Supplemental Filing”) to correct certain errors and attaching supplemental testimony to correct the Application.<sup>1</sup> As corrected, the Application seeks a credit (“Adjustment”) of approximately \$6.7 million – the difference between the actual Energy Balancing Account Costs (EBAC) and the Base EBAC in current base rates for the period beginning January 1, 2020 through December 31, 2020 (“Deferral Period”). The proposed EBAC Adjustment includes an adjustment of approximately \$3.3 million related to certain corrections RMP made to its 2019 deferral period, and approximately \$3.4 million in Deferral Period EBAC. RMP attached to its Application supporting materials and exhibits, including written direct testimony and a revised version of its

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<sup>1</sup> See Order Granting Motion for Leave to File Supplemental Testimony issued January 20, 2022.

Electric Schedule 94 (“Schedule 94”) to implement the proposed EBAC Adjustment. The Application requests an effective date of March 1, 2022 to implement the proposed rate change.

The Division of Public Utilities (DPU) filed direct written testimony on November 5, 2021, which included Daymark Energy Advisors, Inc.’s 2020 Audit Report and other supporting exhibits. RMP filed responsive written testimony on December 9, 2021, DPU filed written rebuttal testimony on January 4, 2022, and RMP filed written surrebuttal testimony on January 13, 2022. No other party filed testimony.

On January 19, 2022, RMP filed a settlement stipulation (“Settlement”), signed by RMP and DPU (the “Settling Parties”), stipulating the current EBAC rates under Schedule 94 will remain in place until April 30, 2022, and resolving certain issues raised in the docket.

On January 21, 2022, the PSC held a hearing during which the Settling Parties provided testimony supporting the Settlement.

## **2. THE SETTLEMENT AND TESTIMONY AT HEARING**

In the Settlement, the Settling Parties agree: (1) the total adjustment for the Deferral Period is \$6,625,339 (“Stipulated Adjustment”),<sup>2</sup> (2) current EBA rates under Schedule 94 will remain in place until April 30, 2022 to effect partial or full recovery of the Stipulated Adjustment, with any difference between actual recovery and the Stipulated Adjustment to be included as part of RMP’s 2022 EBA proceeding;<sup>3</sup> and (3) RMP “will ensure that the dissemination of the Significant Event Reports (SERs) it creates in response to certain outage events are documented as received and reviewed by [RMP’s] other similar generation facilities”

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<sup>2</sup> Settlement at ¶ 8.

<sup>3</sup> Settlement at ¶ 10.

and RMP will make this documentation available to the DPU and other parties during annual EBA reviews.<sup>4</sup>

The Settling Parties agree, to provide better rate stability, it is in the public interest to collect the 2021 EBA shortfall on an expedited basis before any interim rates are collected. The difference between the Stipulated Adjustment and the actual amount collected will be accounted for when setting final rates for the 2022 EBA.<sup>5</sup>

At hearing, RMP offered a summary of the proceeding and the Settlement. RMP testified that maintaining current Schedule 94 rates will result in approximately \$6.6 million in collections from March 1, 2022 through April 30, 2022, which closely matches the Stipulated Adjustment. Additionally, RMP testified this arrangement “provide[s] better rate stability for customers, given the company anticipates requesting interim rates go into effect around May 1, 2022, and that the company also anticipates significant shortfall in its 2022 EBA.”<sup>6</sup> In light of these observations, RMP testified the Settlement is just and reasonable in result.

DPU represented the Office of Consumer Services and intervenors Utah Association of Energy Users and Western Resource Advocates do not oppose the Settlement.<sup>7</sup> The DPU further testified the Settlement, as a whole, is just and reasonable in result, explaining the parties expect collections between March 1, 2022 and April 30, 2022 to approximately match the Stipulated Adjustment, adding that “[i]t is in the public interest to collect the comparatively small 2021

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<sup>4</sup> Settlement at ¶ 9.

<sup>5</sup> Settlement at ¶ 10.

<sup>6</sup> Hr’g Tr. at 11:17-24.

<sup>7</sup> *Id.* at 15:25-16:1.

EBA shortfall on an expedited basis before any interim rates for the 2022 [EBA] might begin to be collected.”<sup>8</sup> Accordingly, DPU recommends the PSC approve the Settlement.

### **3. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW**

#### **a. Settlements of Matters Before the PSC**

Settlement of matters before the PSC are statutorily encouraged at any stage of a proceeding. Utah Code Ann. § 54-7-1. The PSC may adopt a settlement after considering the interests of the public and other affected persons, if the PSC finds the settlement is in the public interest. We have considered the evidence presented in this matter in light of this standard.

Based on the Application, filed testimony, the Settlement, and the testimony at hearing, the PSC finds the Stipulation allows RMP to recover prudently incurred costs of service while offering greater rate stability for customers given RMP’s projections regarding the 2022 EBA proceeding. We further note DPU’s representation that all other parties are unopposed to the Settlement. Accordingly, we find and conclude the Settlement is just and reasonable in result, and is in the public interest.

### **4. ORDER**

The Settlement is approved as filed. We direct RMP to file an appropriate tariff in compliance with the Settlement and this Order.

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<sup>8</sup> *Id.* at 17:7-10.

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DATED at Salt Lake City, Utah, February 23, 2022.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#322453

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the 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 PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC'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 Utah Code Ann. §§ 63G4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on February 23, 2022, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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