

Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account

DOCKET NO. 21-035-05

ORDER

ISSUED: June 1, 2021

BACKGROUND AND PROCEDURAL HISTORY

On March 15, 2021, Rocky Mountain Power (RMP) filed an application (“Application”) with the Public Service Commission (PSC) requesting approval to adjust the collection rates for the Renewable Energy Credits (REC) Balancing Account (RBA) in its Electric Service Schedule No. 98, REC Revenue Adjustment (“Schedule 98”). RMP’s Application seeks a Schedule 98 decrease of approximately \$25,000, or 0.001 percent, which is the difference between the current balance of approximately \$1.08 million, set in Docket No. 20-035-13, and this Application’s proposed deferral balance of approximately \$1.11 million. RMP requests an effective date of June 1, 2021 for the adjustment. The Application includes proposed revisions to Schedule 98, Sheet No. 98. RMP’s Application also requests approval of a Confidential Settlement Stipulation (“Stipulation”) related to the transfer of certain RECs to California retail customers for compliance with California’s Renewable Portfolio Standard (CARPS).

After the PSC held a scheduling conference, it issued a Scheduling Order and Notice of Hearing (“Scheduling Order”) on April 1, 2021, allowing an opportunity for comments on the Application and Stipulation and setting a hearing for May 19, 2021 to consider the Stipulation and implementation of the proposed Schedule 98 rates on an interim basis. The Scheduling Order expects the Division of Public Utilities to submit an audit report by July 14, 2021 with a comment period to follow.

The Division of Public Utilities (DPU) submitted comments in support of the Application on April 28, 2021. The PSC received no comments in opposition to the Application.

The PSC held a hearing on May 19, 2021, during which RMP and DPU testified.

RMP'S APPLICATION

RMP's proposed adjustment to Schedule 98 rates allocates the 2020 RBA revenue variance to the several rate schedules over a one-year period, beginning June 1, 2021. RMP's testimony in support of its Application provides RMP's 2020 REC revenues, a calculation of the RBA balance, a proposed rate spread for the applicable deferral periods, and a proposed rate design.

RMP proposes to allocate the 2021 RBA refunds across customer classes using the rate spread the PSC approved in RMP's 2014 general rate case ("2014 GRC"),¹ wherein the PSC set the corresponding base RBA revenues. Consistent with past RBA filings, RMP proposes certain modifications to this rate spread pertaining to its lighting schedules 7, 11, 12, and 15, and certain special contracts.

The following table provides a comparison of current and proposed RBA refund and collection rates under Schedule 98.

¹ See *In the Matter of the Application of RMP for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Docket No. 13-035-184, Report and Order issued August 29, 2014.

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Schedule	Current Schedule No. 98 Rate	Proposed Schedule No. 98 Rate
Schedule 1	-0.06%	-0.06%
Schedule 2	-0.06%	-0.06%
Schedule 2E	-0.06%	-0.06%
Schedule 3	-0.06%	-0.06%
Schedule 6	-0.07%	-0.07%
Schedule 6A	-0.09%	-0.05%
Schedule 7	-0.02%	-0.03%
Schedule 8	-0.06%	-0.08%
Schedule 9	-0.09%	-0.10%
Schedule 9A	-0.10%	-0.11%
Schedule 10	-0.06%	-0.05%
Schedule 11	-0.02%	-0.03%
Schedule 12	-0.02%	-0.03%
Schedule 15 (Traffic and Other Signal Systems)	-0.04%	-0.04%
Schedule 15 (Metered Outdoor Nighttime Lighting)	-0.04%	-0.07%
Schedule 22	-0.09%	-0.10%
Schedule 23	0.00%	0.00%
Schedule 31	*	*
Schedule 32	*	*

*The rates for Schedules 31 and 32 shall be the same as the applicable general service schedule.

RMP's Application also includes a Stipulation between RMP, the DPU, and the Office of Consumer Services regarding the transfer of a certain quantity of RMP's Utah-allocated RECs to be used on behalf of RMP's California customers for compliance with CARPS. These parties stipulated to compensation for the transferred RECs consistent with market rates and agreed that RMP will book the compensation during 2021 for inclusion in RMP's 2022 RBA filing. RMP asserts the Stipulation will not affect Utah's ability to meet its 2025 renewable portfolio goal.

At hearing, RMP testified that the RBA deferral balance and proposed rate adjustment were calculated in a manner consistent with previous RBA filings. RMP also explained the basis

for its Schedule 98 adjustment calculations. RMP further testified that the Stipulation is just, reasonable, and in the interest of Utah customers.

DPU'S COMMENTS AND TESTIMONY

DPU recommends the PSC approve the Application and the proposed changes to Schedule 98 as filed, effective June 1, 2021, on an interim basis until DPU completes its final audit of the RBA as provided in the Scheduling Order. At hearing, DPU testified that, based on its preliminary review, the Application generally complies with applicable PSC orders.

Additionally, DPU testified the Stipulation is just and reasonable in result, adding that the number of RECs transferred to RMP's California customers under the terms and conditions of the Stipulation will have no material effect on RMP's compliance under Utah Code Ann. § 54-17-602. According to DPU, RMP indicated it is actively marketing RECs through bilateral discussions with counterparties and brokers, and it plans to issue periodic REC reverse requests for proposals.

DISCUSSION, FINDINGS, AND CONCLUSIONS

Having reviewed the Application and supporting materials, DPU's comments, and the parties' testimony at hearing, we find substantial evidence exists to conclude the rate adjustments requested in the Application are just, reasonable, and in the public interest. We further conclude the rates are consistent with our prior orders and applicable law. For these reasons, we approve

the requested Schedule 98 rate adjustments, effective June 1, 2021, on an interim basis pending DPU's final audit report and any associated comments.²

The Utah Code encourages negotiated resolution of matters before the PSC. To approve a settlement, the PSC must find it "is just and reasonable in result." Utah Code Ann. § 54-7-1. RMP and DPU testified that the Stipulation will benefit Utah customers and will not affect RMP's compliance with Utah's renewable portfolio standard. Their testimony is uncontroverted and no evidence exists in the record that weighs against our approval of the Stipulation. We therefore find the Stipulation is just and reasonable in result and approve it.

ORDER

- (1) We approve RMP's Application to revise Schedule 98 and implement a rate decrease as filed on an interim basis, effective June 1, 2021, subject to further refund or surcharge contingent on the PSC's review of DPU's audit and any associated comments.
- (2) RMP's proposed modifications to Schedule 98, Sheet No. 98 are approved on an interim basis.
- (3) The Stipulation is approved.

DATED at Salt Lake City, Utah, June 1, 2021.

/s/ Michael J. Hammer
Presiding Officer

² The Scheduling Order in this docket allows parties an opportunity to submit comments on DPU's audit report by August 4, 2021 and the opportunity to provide reply comments by August 18, 2021.

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Approved and Confirmed June 1, 2021 as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#318925

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 PSC 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 PSC does not grant a request for review or rehearing within 30 days after the filing of the request, 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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on June 1, 2021, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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