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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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Preliminary Review – Interim Rate Recommendation

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Artie Powell, Manager
Brenda Salter, Utility Technical Consultant Supervisor
Doug Wheelwright, Utility Technical Consultant Supervisor
Gary Smith, Utility Technical Consultant
Joanna Matyjasik, Utility Analyst

Date: April 7, 2022

Re: **Docket No. 22-035-01**, In the Matter of Rocky Mountain Power's Application for Approval of the 2022 Energy Balancing Account Increase – Interim Rate Request.

Recommendation (Approval)

The Division of Public Utilities (DPU) recommends that the Public Service Commission (Commission) acknowledge Rocky Mountain Power's (Company or RMP) Energy Balancing Account (EBA) filing as consistent with prior years' filings. The proposed rate is more likely to accurately reflect actual costs than the base rate and the Division recommends approval of the Company's request for an interim rate increase effective May 1, 2022.

Background

On March 15, 2022, the Company filed its annual report for the Energy Balancing Account. In its application, the Company requested an interim rate increase effective May 1, 2022, based on its calculated 2021 deferral year recovery of \$90.6 million. According to Utah Code Section 54-7-13.5, the Company must make an adequate prima facie showing that

Division of Public Utilities

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the proposed interim rate appears consistent with prior years' filings; and the interim rate requested is more likely to reflect actual power costs than the current base rates.

The Division has performed a preliminary review of the Company's application. Although the Division has performed a broad review of the current filing, it makes no judgment regarding the entirety or accuracy of the information.

As explained in the testimony of Jack Painter, the 2021 deferral was comprised, on a Utah-allocated basis, of \$107.6 million in EBA-related costs above the base net power cost established in the 2020 general rate case (2020 GRC). This is a large increase from the 2020 deferral year amount of negative \$(5.4 million). The Company outlined the weather events and drought conditions that contributed to this increase, including increased purchased power and fuel expenses.

Consistent with prior EBA applications, the Company spread the 2021 deferral recovery across customer rate classes and provided revisions to Electric Schedule 94. The rate spread, rate design, and billing determinants appear consistent with the method approved in the 2020 general rate case, and this is the first year using this method.

As ordered in the 2020 GRC, the Company included Production Tax Credits (PTC) in the EBA calculations. The actual wind generation and resulting PTCs were lower than the 2020 GRC PTC base, increasing the 2021 deferral amount.

Confidential DPU Exhibit 1 (Exhibit 1) summarizes the Division's comparison of the Company's current application and supporting documents with the prior year. Variations from the prior year are recorded in this exhibit. The variations, issues, and questions discovered during this initial review were determined immaterial to the Company's interim rate request.

Based on the overall body of information as filed and the DPU's past experience with EBA filings and audits, the Company has made a prima facie showing that the application appears consistent with prior years' filings and the interim rate increase requested is more likely to reflect actual power costs than current base rates.

Conclusion

The Division recommends that the Commission acknowledge the Company's EBA filing and approve the Company's request for an interim rate increase effective May 1, 2022, to be amortized through a lengthened 14-month period ending June 30, 2023.

cc: Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services