
Rocky Mountain Power's Application for Approval of the 2022 Energy Balancing Account	<u>DOCKET NO. 22-035-01</u> <u>ORDER APPROVING INTERIM RATES</u>
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ISSUED: April 29, 2022

1. Procedural Background

On March 15, 2022, Rocky Mountain Power (RMP) filed its Application for Approval of the 2022 Energy Balancing Account (“Application”). The Application requests rate recovery of approximately \$90.6 million in deferred energy balancing account costs (“EBAC”). RMP asks to commence recovery of the EBAC on an interim basis to be collected over 14 months, beginning May 1, 2022.

On March 29, 2022, the PSC held a scheduling conference during which the parties stipulated to a schedule to include a hearing on interim rates on April 26, 2022.¹ The parties further stipulated to a schedule for adjudicating the PSC’s approval of final rates to recover the EBAC with a hearing to be held on December 8, 2022.²

On April 26, 2022, the PSC held a virtual hearing to consider RMP’s request for interim rates. RMP and the Division of Public Utilities (DPU) appeared and offered testimony.

2. Discussion, Findings, and Conclusions

As recently amended, Utah Code Ann. § 54-7-13.5 expressly authorizes the PSC to approve RMP’s request for interim rate treatment of its EBAC subject to the PSC’s authority to later order a refund or surcharge. To approve interim rates, the PSC must hold a hearing and find

¹ Scheduling Order and Notice of Hearings issued April 6, 2022.

² *Id.*

RMP has made an “adequate prima facie showing” that “the interim rate requested is more likely to reflect actual power costs than the current base rates.”³ The PSC must also find the proposed interim rate “appears consistent with prior years’ filings.”⁴

RMP’s Application explains its actual net power costs were significantly higher than base costs set in its last general rate case because of increases in the costs RMP pays to purchase power, natural gas, and coal and increases in wheeling and other expenses. Decreases in wholesale sales and production tax credits during the same period exacerbated the disparity. RMP attached exhibits to the Application detailing the components of its EBAC calculation.

At hearing, RMP provided testimony in support of its EBAC, making one correction. RMP testified it had erred in applying the carrying charge such that its EBAC must be adjusted to \$90.4 million, i.e. a \$200,000 reduction. RMP represented it had discovered the error just two business days before the hearing and therefore had insufficient time to correct the filing prior to hearing. RMP urged the \$200,000 error is *de minimis* relative to the \$90.4 million necessary to align its actual net power costs with those established in base rates and asked the PSC to approve the request as filed. RMP represented it would correct the issue in its written testimony due October 21, 2022 such that the error will be rectified in final rates established in this docket.

At hearing, the DPU testified in support of RMP’s requested interim rate. The DPU’s testimony adopted its written comments filed prior to hearing, where the DPU recommended the PSC approve the request for interim rates and concluded RMP “ha[d] made a prima facie showing that the [A]pplication appears consistent with prior years’ filings and the interim rate

³ Utah Code Ann. § 54-7-13.5(2)(k).

⁴ *Id.*

increase requested is more likely to reflect actual power costs than current base rates.”⁵ The DPU emphasized its recommendation is based on only a preliminary review and does not imply the DPU has verified the accuracy of information RMP provided to support its EBAC.

No other party appeared at hearing and no party has filed comments in opposition or otherwise objected to RMP’s requested interim rate.

We find RMP’s testimony, Application and exhibits, and other filings in support of its requested interim rate constitute an adequate prima facie showing that RMP’s requested interim rate is more likely to reflect actual power costs than the current base rates. We further find RMP’s request to be consistent with prior years’ filings.

With respect to the \$200,000 error in carrying costs about which RMP testified, we find this sum to be nominal relative to the apparent disparity between RMP’s actual and base net power costs during the deferral period. Delaying implementation of the interim rate would expose customers to unnecessary rate-shock and serve little purpose given that the error will be rectified in final rates we approve in this docket and the sum is sufficiently small as to have negligible impact on individual customers’ bills.

Accordingly, we approve RMP’s request for an interim rate as filed.

3. Order

The PSC approves RMP’s request for an interim rate to recover \$90.6 million in EBAC as requested in its Application, effective May 1, 2022. RMP’s recovery of these costs remains

⁵ DPU’s Comments filed April 7, 2022 at 2.

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subject to the PSC's authority to order a refund or adjustment after the parties have fully litigated this docket and the PSC has approved final rates.

DATED at Salt Lake City, Utah, April 29, 2022.

/s/ Michael J. Hammer
Presiding Officer

Approved and Confirmed April 29, 2022 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#323767

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 April 29, 2022, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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