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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

IN THE MATTER OF ROCKY MOUNTAIN )  
POWER’S APPLICATION FOR APPROVAL ) Docket No. 23-035-01  
OF THE 2023 ENERGY BALANCING )  
ACCOUNT )

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**ROCKY MOUNTAIN POWER’S APPLICATION FOR APPROVAL OF THE  
2023 ENERGY BALANCING ACCOUNT**

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Rocky Mountain Power, a division of PacifiCorp (“Company” or “Rocky Mountain Power”), submits this application (“Application”) to the Public Service Commission of Utah (“Commission”) pursuant to energy balancing account mechanism (“EBA”) tariff Schedule No. 94 (“Tariff Schedule 94”), requesting approval to recover approximately \$175.0 million in deferred EBA Costs (“EBAC”). The \$175.0 million deferral includes the following components: (1) approximately \$220.8 million of EBA-related costs; (2) a credit of approximately \$52.6 million for sales made to a special contract customer; (3) a \$0.5 million adjustment for Utah situs resources; (4) a credit of \$0.6 million to reflect the 2022 EBA Order; (5) a \$2.0 million adjustment to reflect the remaining balance from the 2021 EBA; and (6) a charge of approximately \$5.0 million in interest.

The Company has included revised Tariff Schedule 94 to recover from customers approximately \$175.0 million over 12 months beginning July 1, 2023 on an interim basis

through June 30, 2024. This results in an overall increase to retail customers of Tariff Schedule 94 of \$97.4 million, which is approximately 4.6 percent over current rates.

This Application is consistent with Tariff Schedule 94, approved by the Commission on July 17, 2012, as amended by the Commission's Order on EBA Interim Rate Process, issued August 30, 2012, and as amended in Docket Nos. 16-035-T05 and 09-035-15 by orders issued May 16, 2016, February 16, 2017, November 14, 2019, March 13, 2020, and consistent with the changes approved in Docket No. 23-035-T01 on February 2, 2023 (together, the "EBA Order").

The proposed EBA rate increase reflected in this Application represents an EBA rate adjustment under Tariff Schedule 94 as set forth above. It is allocated to rate schedules consistent with the base EBA amounts approved by the Commission in the Company's general rate case filing in Docket No. 20-035-04 (the "2020 GRC"), as more fully explained below. Rocky Mountain Power respectfully requests that, pursuant to the provisions in Tariff Schedule 94, this increase in Utah rates become effective, on an interim basis, July 1, 2023. In addition, the Company proposes that any difference between the 2023 EBA and the final amount collected be amortized when final rates are implemented on July 1, 2024.

In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. Rocky Mountain Power's principal place of business in Utah is 1407 West North Temple, Suite 310, Salt Lake City, Utah, 84116.

3. Communications regarding this filing should be addressed to:

Jana Saba  
Utah Regulatory Affairs Manager  
Rocky Mountain Power  
1407 West North Temple, Suite 310  
Salt Lake City, UT 84116  
E-mail: [jana.saba@pacificorp.com](mailto:jana.saba@pacificorp.com)

Ajay Kumar  
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825 NE Multnomah Street, Suite 2000  
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In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word or plain text format to the following:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232

Informal questions may be directed to Jana Saba, Utah Regulatory Affairs Manager at (801) 220-2823.

4. Tariff Schedule 94 permits the Company to monitor total EBAC on an unbundled basis apart from other investments and expenses included in base rates and to account for historical actual EBAC that may be over or under the amount recovered in base rates through the EBA.

5. Under Tariff Schedule 94, the Company files a deferred EBAC adjustment application annually on or before May 1. Included with this filing are changes to Tariff Schedule 94, which provide for a rate effective date on an interim basis of July 1, 2023. Changes to the EBA schedule as well as additional information in support of the interim rate request are provided in more detail in this Application.

6. The EBA deferral calculation consists of three revenue requirement components: net power costs (“NPC”), production tax credits (“PTCs”) and wheeling revenue. NPC are defined as the sum of fuel expenses, wholesale purchased power expenses, wheeling expenses, less wholesale sales revenue. PTCs are included in the EBA as approved in the Company’s 2020 GRC, which are an offset to the Company’s federal income taxes based upon actual energy generated at eligible wind-powered generating facilities. Wheeling revenue includes amounts booked to FERC account 456.1, Revenues from Transmission of Electricity of Others. Collectively, the three components are known in Tariff Schedule 94 as “Energy Balancing Account Costs” or “EBAC”.

7. The deferred EBAC is determined pursuant to Tariff Schedule 94 by comparing, in a deferral period, the actual NPC, PTCs and wheeling revenue to the total base EBAC recovered in rates as established in a general rate case. In addition, several adjustments were made to actual NPC this year, as described in the direct testimony of NPC Specialist Jack Painter.

8. The deferral period for this Application is the 12-month period beginning January 1, 2022 through December 31, 2022 (“Deferral Period”).

9. The request in this Application includes six main components: (1) approximately \$220.8 million of EBA-related costs; (2) a credit of approximately \$52.6

million for sales made to a special contract customer; (3) a \$0.5 million adjustment for Utah situs resources; (4) a credit of \$0.6 million to reflect the 2022 EBA Order; (5) a \$2.0 million adjustment to reflect the remaining balance from the 2021 EBA; and (6) a charge of approximately \$5.0 million in interest.

10. For the Deferral Period, base NPC were set in the Company's 2020 general rate case, Docket No. 20-035-04, at approximately \$1.431 billion ("Base NPC") and became effective January 1, 2021.

11. Actual NPC were higher than Base NPC during the Deferral Period due to an increase in purchased power expenses, increases in natural gas expense, an increase in wheeling and other expenses, and were offset by an increase in wholesale sales, a decrease in coal fuel expense, and an increase in PTCs.

12. The Company calculated the EBA Deferral Amount using the Commission Order Method consistent with the stipulation approved by the Commission in the 2020 GRC, as set forth in detail in **Exhibit RMP\_\_ (JP-1)**, attached to Mr. Painter's direct testimony.

### **Deferred EBA Cost Adjustment**

13. Pursuant to Tariff Schedule 94, the deferred EBAC adjustment is calculated monthly and recorded as a deferred expense on the Company's books. Mr. Painter's **Exhibit RMP\_\_ (JP-1)**, shows the detailed calculation of the EBA Deferral Amount. Adjusted Actual Total NPC from January 1, 2022, through December 31, 2022, were

approximately \$2.013 billion, compared to the \$1.431 billion Base NPC being used in this case.

14. As shown in **Exhibit RMP \_\_\_(JP-1)**, the difference between Base NPC and Actual NPC was due to a \$62 million reduction in wholesale sales, a \$337 million increase in purchased power expense, a \$311 million increase in natural gas expense, a \$22 million decrease in coal fuel expense, and a \$18 million increase in wheeling and other expenses. Mr. Painter further discusses the drivers causing the variance in net power costs for the deferral period.

15. As showing in **Exhibit RMP \_\_\_(JP-1)**, Utah's allocated NPC before wheeling revenues were approximately \$901 million. After crediting Utah-allocated production tax credits of approximately \$111 million and wheeling revenues of approximately \$84 million, Utah actual EBAC were approximately \$706 million shown on line 4, or \$27.40 per megawatt-hour ("MWh"), shown on line 6.

16. In comparison, Utah Base EBAC were approximately \$467 million shown on line 10, after crediting Utah-allocated production tax credits of approximately \$106 million and wheeling revenues of approximately \$50.6 million shown on lines 8 and 9, respectively, or \$18.81 per MWh, shown on line 12. The monthly difference between lines 6 and 12 applied to Utah's 2022 load produces the deferred EBAC of approximately \$221 million, shown on line 14.

17. An adjustment for sales to a special contract customer of approximately \$52.6 million, after applying a deadband, is shown on line 17. An adjustment related to the Utah situs resources, namely the Utah Subscriber Solar program, the Utah Transition Program for Customer Generators and a fee for the Energy Imbalance Market Body of

State Regulators of approximately \$0.5 million is shown on line 18. A \$2.0 million adjustment to reflect the remaining balance from the 2021 EBA is shown on line 23. A credit of \$0.6 million to reflect the 2022 EBA Order is shown on line 24. A charge for interest of approximately \$1.7 million for the Deferral Period is shown on line 25. A charge for interest of approximately \$1.3 million (from January 2023 through March 2023) is shown on line 27 and \$2.0 million for April 2023 through June 2023 is shown on line 28. The total ending deferral amount of approximately \$175.0 million is shown on line 29.

18. A summary of the total requested EBA recovery is shown in the table below.

### Annual EBA Calculation

<b>Calendar Year 2022 EBA Deferral</b>		<i>Exhibit RMP ___ (JP-1) Reference</i>
Actual EBA (\$/MWh)	\$ 27.40	<i>Line 6</i>
Base EBA (\$/MWh)	18.81	<i>Line 12</i>
\$/MWh Differential	<u>\$ 8.59</u>	
 Utah Sales (MWh)	 25,756,887	 <i>Line 5</i>
EBA Deferrable*	\$ 220,783,416	<i>Line 14</i>
Special Contract Customer Adjustment*	(52,608,601)	<i>Line 17</i>
Utah Situs Resource Adjustment*	476,032	<i>Line 18</i>
Total Deferrable	<u>\$ 168,650,846</u>	<i>Line 19</i>
 2021 EBA Collection True-Up	 \$ 1,970,714	 <i>Line 23</i>
2022 EBA Final Order Adjustment	(597,795)	<i>Line 24</i>
Interest Accrued through December 31, 2022	1,708,678	<i>Line 25</i>
Interest Accrued January 1, 2023 through March 31, 2023	1,312,791	<i>Line 27</i>
Interest Accrued April 1, 2023 through June 30, 2023	1,984,581	<i>Line 28</i>
 <b>Requested EBA Recovery</b>	 <u><u>\$ 175,029,815</u></u>	 <i>Line 29</i>

\* Calculated monthly

### **EBA Amortization and Schedule Changes**

19. PacifiCorp submitted a tariff filing in Docket No. 23-035-T01 that was approved by the Commission on February 2, 2023, that contained changes to Schedule 94:

- i. RMP will file its EBA application on or about May 1.
- ii. Interim rates will become effective on July 1 and be effective for a total of 12 months until June 30 of the following year.
- iii. The Division of Public Utilities will complete its audit and file its report and supporting testimony by November 7.
- iv. The Commission will hold a hearing by January 26 of the following year.
- v. The procedural schedule for the EBA will accommodate the 300-day statutory deadline for a Commission order by February 25 of the following year.

20. Consistent with these changes, the Company requests the interim rates for this EBA to be effective on July 1, 2023 and continue for 12 months until June 30, 2024.

### **Proposed Interim Rate**

21. In the 2021 Utah Legislative Session, Utah Code Ann. § 54-7-13.5(2)(k) permits the Commission to consider an interim rate request made as part of an electric corporation's filing of an energy balancing account. Prior to interim rate becoming effective, the Commission must hold a hearing on the interim rate request to consider whether the Company has made an adequate prima facie showing that the proposed



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

22. In accordance with Utah Code Ann. § 54-7-13.5(2)(k), Rocky Mountain Power hereby requests the 2022 EBA recovery amount of \$175.0 million be collected on an interim basis beginning July 1, 2023 subject to rate refund or surcharge.

23. This proposed rate change is consistent with prior years filing because it uses substantially similar methodologies to arrive at total EBAC. Using these methodologies, the Company has determined that EBAC has increased and is more likely to reflect actual power costs than the current base rates. The interim rates requested by the Company will be subject to future audit by the Division of Public Utilities and evaluation at a hearing by other parties.

24. Rocky Mountain Power hereby requests the Commission issue a notice of scheduling order so that a hearing date may be scheduled to facilitate interim rates becoming effective July 1, 2023.

### **Proposed Tariff Sheets**

25. The Company proposes to spread the deferred EBAC across customer classes consistent with an EBA Allocator that allocates the Base EBA amounts approved by the Commission in the 2020 GRC by cost of service factor 10 or factor 30 for different FERC accounts, as appropriate. Allocation to the customer classes is shown in **Exhibit RMP\_\_\_(RMM-1)**, attached to the direct testimony of Mr. Meredith.

26. The Company proposes to allocate the EBA deferral for CY 2022 to those customer classes that are not reflected in the cost of service study used in the 2020 GRC,

such as Schedule 31 and Schedule 32 customers, as described in Mr. Meredith’s direct testimony.

27. The table below summarizes the proposed price changes by tariff rate schedule. Mr. Meredith’s **Exhibit RMP\_\_ (RMM-1)**, displays the Company’s proposed rate spread, as discussed above. The proposal would result in an overall increase of \$97.4 million, or 4.6 percent to customers in Utah. Mr. Meredith’s **Exhibit RMP\_\_ (RMM-2)**, includes billing determinants and the calculations of the proposed EBA rates in this case. **Exhibit RMP\_\_ (RMM-3)**, contains the proposed rates and revisions for Tariff Schedule 94.

<b>Customer Class</b>	<b>Proposed Percentage Change</b>
<b>Residential</b>	
Schedules 1, 3	3.8%
Schedule 2, 2E	3.9%
<b>General Service</b>	
Schedule 23	4.3%
Schedule 6	4.9%
Schedule 8	5.6%
Schedule 9	7.4%
<b>Irrigation</b>	
Schedule 10	5.3%
<b>Public Street and Area Lighting Schedules</b>	
Schedules 7, 11, 12	3.2%
Schedule 15	6.0%

Rocky Mountain Power respectfully requests that the Commission:

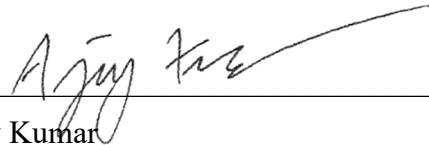
1. Issue a notice of scheduling conference so parties may confer on a procedural schedule including a hearing date for approval of an interim rate change.

2. Approve rates in Tariff Schedule 94 to recover the costs identified in this Application, as filed, with an effective date on an interim basis of July 1, 2023 through June 30, 2024.

DATED this 1<sup>st</sup> day of May, 2023.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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