

Rocky Mountain Power
Exhibit RMP__(JRS-3SD)
Docket No. 17-035-39
Witness: Joelle R. Steward

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Supplemental Direct Testimony of Joelle R. Steward

Example Monthly RTM Deferral Calculation - Revenue Requirement

February 2018

Exhibit RMP (JRS-3SD)
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PacificCorp
 Utah
 Wind Repowering - Example Monthly RTM Deferral Calculation
 Revenue Requirement

Line No.	Reference	2019 January	2019 February	2019 March	2019 April	2019 May	2019 June	2019 July	2019 August	2019 September	2019 October	2019 November	2019 December
1	Capital Investment	-	-	-	-	-	-	145,738	145,738	145,738	602,278	967,000	967,000
2	Depreciation Reserve	-	-	-	-	(405)	-	(405)	(810)	(1,214)	(2,887)	(5,574)	(8,260)
3	Accumulated DIT Balance	-	-	-	-	(3,480)	-	(3,480)	(6,960)	(10,440)	(13,920)	(17,400)	(20,880)
4	Net Rate Base	-	-	-	-	-	-	141,853	141,448	139,303	577,071	925,204	910,444
5	Pre-Tax Rate of Return	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%	9.209%
6	Pre-Tax Return on Rate Base	-	-	-	-	-	-	-	1,069	1,086	1,069	4,429	7,101
7	Wholesale Wheeling Revenue	-	-	-	-	-	-	-	-	-	-	-	-
8	Operation & Maintenance	-	-	-	-	316	-	316	607	743	747	718	745
9	Depreciation	-	-	-	-	405	-	405	405	405	1,673	2,686	2,686
10	Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
11	Wind Tax	-	-	-	-	8	-	8	15	19	19	18	19
12	Total Plant Revenue Requirement	-	-	-	-	729	-	729	2,116	2,252	3,508	7,851	10,550
13	Net Power Cost	-	-	-	-	-	-	-	-	-	-	-	-
	NPC Incremental Savings	-	-	-	-	78	-	78	149	182	184	176	183
	See Exhibit JRS-4SD	-	-	-	-	-	-	-	-	-	-	-	-
14	PTC Benefit	-	-	-	-	(1,583)	-	(1,583)	(3,037)	(3,717)	(3,741)	(3,594)	(3,728)
15	PTC Benefit in Base Rates	-	-	-	-	-	-	-	-	-	-	-	-
16	Net PTC	-	-	-	-	(1,583)	-	(1,583)	(3,037)	(3,717)	(3,741)	(3,594)	(3,728)
17	Gross-up for taxes	-	-	-	-	(516)	-	(516)	(990)	(1,212)	(1,220)	(1,172)	(1,215)
18	PTC Revenue Requirement	-	-	-	-	(2,099)	-	(2,099)	(4,027)	(4,929)	(4,961)	(4,766)	(4,943)
19	Rev. Requirement	-	-	-	-	(1,293)	-	(1,293)	(1,763)	(2,495)	(1,269)	3,261	5,790
20	Adjustment for EBA Pass-through	-	-	-	-	-	-	-	-	-	-	-	-
	NPC Incremental Savings	-	-	-	-	78	-	78	149	182	184	176	183
21	Percentage included in EBA (100%)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
22	EBA Pass-through	-	-	-	-	78	-	78	149	182	184	176	183
23	Rev. Reqt after EBA Pass-through	-	-	-	-	(1,370)	-	(1,370)	(1,912)	(2,677)	(1,452)	3,085	5,607
24	Utah Allocated	-	-	-	-	(33)	-	(33)	(64)	(78)	(78)	(75)	(78)
	Footnote 4	-	-	-	-	-	-	-	-	-	-	-	-
25	Net Customer Benefit	-	-	-	-	-	-	-	-	-	-	-	-
26	Deferral Balance - UT Share	-	-	-	-	-	-	-	-	-	-	-	-
27	Beginning Deferral Balance	-	-	-	-	-	-	-	(33)	(97)	(175)	(254)	(330)
28	Monthly Deferral	-	-	-	-	(33)	-	(33)	(64)	(78)	(78)	(75)	(78)
29	Deferral Collection	-	-	-	-	-	-	-	-	-	-	-	-
30	Carrying Charge	-	-	-	-	(0)	-	(0)	(0)	(0)	(1)	(1)	(1)
31	Ending Deferral Balance	-	-	-	-	(33)	-	(33)	(97)	(175)	(254)	(330)	(410)
32	Federal/State Combined Tax Rate	24.587%											
33	Net to Gross Bump up Factor = (1/(1-tax rate))	1.3260											
34	Deferred Balance Carrying Charge	4.19%											
35	Pre-tax Return	9.209%											
36	Property Tax Rate	0.77%											
37	Utah SG Factor	42.6283%											
38	Utah GPS Factor	42.4704%											

Footnotes:
 1) Pre-tax Return, line 6, is calculated as the rate of return (line 5) multiplied by the ending net rate base of the prior month (line 4) divided by 12
 2) Not Applicable for Repowering
 3) For illustrative purposes, collection of December's balance is assumed to be collected beginning the following May 1
 4) The Company is proposing to cap the RTM until the next general rate case so that, after taking into account the wind repowering benefits that will flow through the Company's EBA, it will not operate to surcharge customers
 5) As stated in testimony, actual depreciation expense will be adjusted by the impact of the retired assets until the next depreciation study

Total Plant Revenue Requirement (Lines 1 - 12, 34):

Exhibit JRS-3SD shows the calculation of the RTM revenue requirement deferral described in my testimony. The calculation starts with total Company amounts on lines 1 - 23 to calculate the Utah specific amounts on lines 24 - 30. To calculate the return on rate base associated with the wind repowering investment, net rate base associated with the repowered wind resources is calculated on a monthly basis. The net rate base balance on line 4 includes the investment in repowered wind resources, along with the associated impacts on the depreciation reserve and accumulated DIT Balance. The monthly beginning net rate base (the final amount from the prior month) is then multiplied by the pre-tax Weighted Average Cost of Capital ("WACC") from the last Utah general rate case on line 5 to determine the Company's pre-tax return on rate base on line 6. The example uses the pre-tax WACC from Docket No. 09-035-15. The total plant revenue requirement is calculated by taking the return on rate base shown on line 6 and adding the O&M expense, depreciation expense, property taxes and wind tax on lines 8 - 11 to determine the total plant revenue requirement on line 12. Wholesale wheeling revenue on line 7 is not used for wind repowering, but is needed for a similar calculation for the Gateway transmission and wind expansion project.

Net Power Costs (Line 13):

The total company incremental NPC savings associated with repowered wind resources is shown on line 13. The incremental NPC savings associated with the repowered wind projects are multiplied by one hundred percent on line 21 to determine the amount of the NPC savings that will be returned to customers through the sharing band of the EBA. The calculation of NPC savings is described in Exhibit JRS-4SD.

PTC Benefits (Lines 14-18, 31, 32):

Lines 14-18 show the calculation of the PTC benefits associated with the repowered wind resources. The actual PTC sales are grossed-up for taxes using the net-to-gross bump-up factor from the Company's last general rate case (shown on line 32) to derive the PTC revenue requirement on line 18. The tax gross-up is necessary for customers to get the full revenue requirement benefit of the PTCs and is calculated using the federal and state combined tax rate shown on line 31, which was also included in the last general rate case.

Deferral Balance (Lines 19 - 30):

The Utah share of the net deferral begins by calculating the total repowering project revenue requirement on line 19, which is the sum of Total Plant Revenue Requirement on line 12, NPC Incremental Savings on line 13, and PTC Revenue Requirement on line 18. The EBA pass-through on line 22 is subtracted to provide the Revenue Requirement after EBA Pass-through on line 23. Utah's share of the Total Deferral is dependent upon the amount of revenue requirement cost or benefit that is determined in a particular year. If the Revenue Requirement after EBA Pass-through for any year on line 23 is negative, which means that the repowering project provides a revenue requirement benefit greater than the benefit being passed through the EBA, then that year's deferral is equal to the additional benefit found on line 23. If the Revenue Requirement after EBA Pass-through for any year on line 23 is positive, the Company is proposing to cap the RTM until the next general rate case so that, after taking into account the wind repowering benefits that will flow through the Company's EBA, it will not operate to surcharge customers. The Net Customer Benefit (line 25) is the sum of the EBA Pass-through (line 22) and the Total Deferral - Utah Share (line 24). The carrying charge, shown on line 29 is calculated using the Commission-authorized rate on line 33 and is consistent with the calculations used in the Company's other mechanisms such as the EBA. As described earlier, each month the total-Company RTM revenue requirement will be calculated as illustrated on Exhibit JRS-3SD to align with the resources included in the EBA. Once per year on a calendar-year basis, the Company will sum the monthly RTM revenue requirement entries to prepare the annual RTM application for filing with the Commission on March 15, with an interim rate effective date that corresponds with the EBA application, May 1.