

Rocky Mountain Power  
Exhibit RMP\_\_(JKL-5)  
Docket No. 17-035-40  
Witness: Jeffrey K. Larsen

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Exhibit Accompanying Direct Testimony of Jeffrey K. Larsen

Proposed Schedule

June 2017

**ROCKY MOUNTAIN POWER**  
**ELECTRIC SERVICE SCHEDULE NO. 97B**

**STATE OF UTAH**

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**Resource Tracking Mechanism (RTM)**  
**Wyoming Wind and Transmission Projects (Combined Projects)**

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**AVAILABILITY:** At any point on the Company's interconnected system.

**APPLICATION:** This Schedule shall be applicable to all retail tariff Customers taking service under the terms contained in this Tariff. All retail tariff rate schedules shall be subject to the rate elements in this Schedule, which tracks the costs and benefits associated with the wind projects and transmission projects (the "Combined Projects") as approved in Docket Number 17-035-40.

**DEFINITIONS:**

**RTM:** The Resource Tracking Mechanism.

**RTM Filing Date:** The RTM Filing Date shall be on or about March 15 of each year under normal circumstances.

**RTM Rate Effective Date:** The RTM Rate Effective Date shall be May 1 of each year on an interim basis under normal circumstances, subject to investigation, protest, hearing and final order of the Commission. The Company may file a properly executed application with the Commission to implement the RTM Rate Adjustment on an interim basis, and if approved by the Commission, the RTM Rate Adjustment shall continue until a final order is issued by the Commission and is adjusted accordingly.

**Deferred RTM Comparison Period:** The historic 12-month period beginning January 1 and extending through December 31 preceding the RTM Rate Effective Date.

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**FILED:** June 30, 2017

**EFFECTIVE:** December 31, 2017

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**ELECTRIC SERVICE SCHEDULE NO. 97B – Continued**

**RTM Deferral:** The RTM Deferral for the Combined Projects is the sum of the total Plant Revenue Requirement, RTM NPC Benefits, RTM Wheeling Revenues and RTM PTC Benefits for the resources approved for recovery in this mechanism that are not otherwise reflected in retail rates. Once the Plant Revenue Requirement, RTM NPC Benefits, RTM Wheeling Revenues and RTM PTC Benefits for eligible resources are reflected in base rates following a general rate case, the RTM Deferral will consist of the difference between the Base PTC Benefits set in base rates and New PTC Benefits calculated from actual megawatt-hour generation for the Wind Projects. The applicable FERC accounts where the costs and benefits will most likely be booked, as defined in Code of Federal Regulations, Subchapter C, Part 101, are listed, where applicable, with the noted clarifications and exclusions.

**Plant Revenue Requirement:** Consists of the capital investment, accumulated depreciation, accumulated deferred income tax, operations and maintenance expense, depreciation expense, Wyoming wind generation tax and property tax associated with the Combined Projects.

**Net Power Cost or NPC:** Comprised of fuel, wholesale purchases and sales of electricity (including financial hedges), wheeling expenses, and wholesale purchases and sales of natural gas (including financial hedges), as provided for in Schedule 94, Energy Balancing Account (EBA).

**RTM NPC Benefit:** The RTM will capture any savings not included in the EBA related to incremental energy production associated with the Wind Projects, and pass these savings back to customers.

**Incremental Generation:** The increase in generation due to the Wind Projects. The Incremental Generation is calculated as the new wind plant generation MWh less the Base Wind Plant Generation MWh.

**Wind Plant Generation MWh:** The wind plant generation associated with the Wind Projects.

**Base Wind Plant Generation MWh:** The wind plant generation associated with the Wind Projects that is included in base rates.

**Incremental Generation<sub>HLH</sub>:** The increase in generation due to the Wind Projects during heavy load hours.

**Incremental Generation<sub>LLH</sub>:** The increase in generation due to the Wind Projects during light load hours.

**Monthly Market Price<sub>HLH</sub>:** The heavy load hour monthly market price.

**Monthly Market Price<sub>LLH</sub>:** The light load hour monthly market price.

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**ELECTRIC SERVICE SCHEDULE NO. 97B – Continued**

**Integration Costs:** The wind integration costs from the most recent Integrated Resource Plan.

**RTM Wheeling Revenues:** The RTM will capture any benefits not included in the EBA related to incremental wholesale wheeling revenues associated with the Transmission Projects, and pass these savings back to customers. Wheeling Revenues not otherwise captured and reflected through base rates or the EBA will be calculated as the revenue requirement of the Transmission Projects, multiplied by the percentage of transmission revenue requirement paid by third-party transmission customers.

**Production Tax Credits or PTCs:** Federal tax credits for energy produced from wind energy facilities. The credit is generally applicable for a period of 10 years after the wind facility is operational and is calculated by taking the actual megawatt-hours of generation from the new wind turbines multiplied by the applicable IRS rate.

**New PTC Benefits:** Calculated as actual MWh eligible for PTCs produced by the Wind Projects multiplied by the production tax rate. This amount is grossed up using the tax gross-up rate from the most recently approved general rate case.

**Base PTC Benefits:** Calculated as the PTCs related to the Wind Projects that have been included in base rates through a general rate case. This amount is grossed up using the tax gross-up rate from the most recently approved general rate case. Prior to the next general rate case, the Base PTC Benefits amount will be zero. After rates from the general rate case become effective, the Base PTC Benefit will be the amount included in the test period, beginning on the rate effective date. Applicable FERC Account: FERC 409xxxx- Income Taxes, Utility Operating Income

**New Capital Investment:** The actual monthly electric plant-in-service balances associated with the Combined Projects. Applicable FERC Accounts: FERC 101xxxx - Electric Plant in Service, FERC Sub Accounts: 340xxxx through 347xxxx - Other Production Plant, and 350xxxx through 359xxxx – Transmission Plant

**Base Capital Investment:** The amount booked into electric plant-in-service related to the Combined Projects that have been included in base rates through a general rate case. After rates from the general rate case become effective, the Base Capital Investment will be the amount included in the test period, beginning on the rate effective date. Applicable FERC Accounts: FERC 101xxxx - Electric Plant in Service, FERC Sub Accounts: 340xxxx through 347xxxx - Other Production Plant and 350xxxx through 359xxxx – Transmission Plant

**New Accumulated Depreciation:** The monthly accumulated depreciation of the Combined Projects. Applicable FERC Accounts: FERC 108xxxx - Accumulated Depreciation Reserve, FERC Sub Accounts: 340xxxx through 347xxxx - Other Production Plant, and 350xxxx through 359xxxx – Transmission Plant

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**ELECTRIC SERVICE SCHEDULE NO. 97B – Continued**

**Base Accumulated Depreciation:** The amount booked into accumulated depreciation related to the Combined Projects that have been included in base rates through a general rate case. After rates from the general rate case become effective, the Base Accumulated Depreciation Reserve will be the amount included in the test period, beginning on the rate effective date. Applicable FERC Accounts: FERC 108xxxx - Accumulated Depreciation Reserve, FERC Sub Accounts: 340xxxx through 347xxxx - Other Production Plant, and 350xxxx through 359xxxx – Transmission Plant

**New Accumulated Deferred Income Tax:** The actual accumulated deferred income tax balances associated with the Combined Projects. Applicable FERC Account: FERC 282xxxx - ADIT Other Property

**Base Accumulated Deferred Income Tax:** The amounts booked into accumulated deferred income tax related to the Combined Projects that have been included in base rates through a general rate case. After rates from the general rate case become effective, the Base Accumulated Deferred Income Tax will be the amount included in the test period, beginning on the rate effective date. Applicable FERC Account: FERC 282xxxx - ADIT Other Property

**New Operations and Maintenance Expense:** The actual operations and maintenance expense incurred associated with the Combined Projects. Applicable FERC Accounts: FERC 546xxxx, 548xxxx through 554xxxx - Other Power Generation, FERC 556xxxx, 557xxxx - Other Power Supply, 560xxx through 573xxxx (excluding 565xxxx) – Transmission Expense

**Base Operations and Maintenance Expense:** The amount of the operations and maintenance expense associate with the Combined Projects included in base rates, beginning on the rate effective date of the general rate case. Applicable FERC Accounts: FERC 546xxxx, 548xxxx through 554xxxx - Other Power Generation, FERC 556xxxx, 557xxxx - Other Power Supply, 560xxx through 573xxxx (excluding 565xxxx) – Transmission Expense

**New Depreciation Expense:** The New Capital Investment monthly balances less the Base Capital Investment, multiplied by the current depreciation rates

**New Property Tax Expense:** Calculated as the New Capital Investment balance as of the beginning of the calendar year less the Base Capital Investment multiplied by the average property tax rate from the last approved general rate case. Applicable FERC Account: FERC 408xxxx - Taxes Other Than Income

**New Wyoming Wind Tax Expense:** Calculated as the Incremental Generation associated with Wind Projects that are subject to the Wyoming Wind Tax multiplied by the Wyoming Wind tax rate. Applicable FERC Account: FERC 408xxxx - Taxes Other Than Income

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**RTM Rate Adjustment:** Rates derived to recover the RTM Deferral allocated to all applicable retail tariff rate schedules and, where appropriate, to the demand and energy rate components within each Schedule based on the applicable allocation factors and cost of service study relationships established in the most recent Commission-approved general rate case. The allocated and classified costs shall then be divided by appropriate billing determinants consistent with those used to calculate the EBA Rate Determination in Schedule 94. The RTM Adjustment shall be applicable during the RTM Rate Effective Period.

**CALCULATION OF THE RTM DEFERRAL**

The RTM Deferral will be calculated monthly as the sum of the Plant Revenue Requirement Deferral, the RTM NPC Benefit, the RTM Wheeling Revenues and the RTM PTC Benefit. Each deferral component shall be determined as follows:

1. Plant Revenue Requirement Deferral be calculated as:
  - A. Sum of the following rate case components, beginning in the first month following the in-service date for each facility, multiplied by the Company's most recently-approved pre-tax weighted average cost of capital:
    - i. New Capital Investment less Base Capital Investment
    - ii. New Accumulated Depreciation less Base Accumulated Depreciation
    - iii. New Accumulated Deferred Income Tax less Base Accumulated Deferred Income Tax
  - B. Plus the sum of the following:
    - i. New Operations and Maintenance Expense less Base Operations and Maintenance Expense
    - ii. New Depreciation Expense
    - iii. New Property Tax Expense
    - iv. New Wyoming Wind Tax Expense
2. The RTM NPC Savings will represent any incremental NPC savings associated with the Wind Projects that is not captured in the EBA, calculated as follows:

Incremental Generation = Wind Plant Generation MWh - Base Wind Plant Generation MWh

NPC Incremental Savings = [Incremental Generation<sub>HLH</sub> x (Monthly Market Price HLH - Integration Costs)] + [Incremental Generation<sub>LLH</sub> x (Monthly Market Price LLH - Integration Costs)]

RTM NPC Benefit = NPC Incremental Savings x EBA Sharing Band

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**ELECTRIC SERVICE SCHEDULE NO. 97B – Continued**

3. The RTM Wheeling Revenues will be calculated as any incremental third-party wheeling revenues associated with the Transmission Projects that are not included in the EBA or in base rates, as provided for in Schedule 94, Energy Balancing Account.

4. The RTM PTC Benefit will be calculated as the difference between the New PTC Benefit less the Base PTC Benefit. This deferral will continue to be tracked and included in the RTM until PTCs associated with the new wind assets have expired and are no longer included in base rates.

**SYMMETRICAL INTEREST:** An annual interest rate of 6% simple interest (.50% per month) applied to the monthly balance in the RTM Deferral Account, consistent with the methodology described in the EBA Carrying Charge under Electric Service Schedule 94.

**MONTHLY BILL:** In addition to the monthly charges contained in the Customer’s applicable schedule, all monthly bills shall have the following RTM Rate Adjustment percentage applied to the monthly Power Charge and Energy Charge of the Customer’s applicable electric service schedule. The collection of costs related to the RTM from customers paying contract rates shall be governed by the terms of the contract.

Schedule 1	0.00%
Schedule 2	0.00%
Schedule 3	0.00%
Schedule 6	0.00%
Schedule 6A	0.00%
Schedule 6B	0.00%
Schedule 7*	0.00%
Schedule 8	0.00%
Schedule 9	0.00%
Schedule 9A	0.00%
Schedule 10	0.00%
Schedule 11*	0.00%
Schedule 12*	0.00%
Schedule 15 (Traffic and Other Signal Systems)	0.00%
Schedule 15 (Metered Outdoor Nighttime Lighting)	0.00%
Schedule 21	0.00%
Schedule 23	0.00%
Schedule 31	**
Schedule 32	**

\* The rate for Schedules 7, 11 and 12 shall be applied to the Charge per Lamp.

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

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**ELECTRIC SERVICE REGULATIONS:** Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Service Commission of the State of Utah, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

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