

Rocky Mountain Power  
Exhibit RMP\_\_(JRS-3R)  
Docket No. 20000-519-EA-17  
Witness: Joelle R. Steward

BEFORE THE WYOMING PUBLIC SERVICE  
COMMISSION

ROCKY MOUNTAIN POWER

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Exhibit Accompanying Rebuttal Testimony of Joelle R. Steward  
Example Monthly RTM Deferral Calculation – Revenue Requirement

November 2017

PacificCorp  
 Wyoming  
 Wind Repowering - Example Monthly RTM Deferral Calculation  
 Revenue Requirement

Line No.		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	Plant Revenue Requirement	-	-	-	-	-	-	145,625	145,625	145,625	587,127	949,528	949,528
2	Capital Investment	-	-	-	-	-	-	(405)	(809)	(1,214)	(2,844)	(5,482)	(8,120)
3	Depreciation Reserve	-	-	-	-	-	-	(11,912)	(11,912)	(17,868)	(73,171)	(118,889)	(158,519)
4	Accumulated DIT Balance	-	-	-	-	-	-	133,309	132,904	126,544	511,111	825,156	782,889
5	Net Rate Base	-	-	-	-	-	-	-	-	-	-	-	-
6	Pre-Tax Rate of Return	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%	10.397%
7	Pre-Tax Return on Rate Base	-	-	-	-	-	-	1,155	1,151	1,096	4,428	7,149	7,149
8	Wholesale Wheeling Revenue	-	-	-	-	-	-	-	-	-	-	-	-
9	Operation & Maintenance	-	-	-	-	-	-	324	621	713	754	716	748
10	Depreciation	-	-	-	-	-	-	405	405	405	1,631	2,638	2,638
11	Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
12	Wind Tax	-	-	-	-	-	-	8	15	17	18	17	18
13	<b>Total Plant Revenue Requirement</b>	-	-	-	-	-	-	736	2,195	2,286	3,499	7,799	10,552
14	<b>Net Power Cost</b>	-	-	-	-	-	-	77	147	170	179	170	178
15	NPC Incremental Savings	-	-	-	-	-	-	-	-	-	-	-	-
16	PTC Benefit	-	-	-	-	-	-	(1,608)	(3,083)	(3,544)	(3,745)	(3,557)	(3,714)
17	PTC Benefit in Base Rates	-	-	-	-	-	-	-	-	-	-	-	-
18	Net PTC	-	-	-	-	-	-	(1,608)	(3,083)	(3,544)	(3,745)	(3,557)	(3,714)
19	Gross-up for taxes	-	-	-	-	-	-	(983)	(1,886)	(2,167)	(2,290)	(2,175)	(2,271)
20	PTC Revenue Requirement	-	-	-	-	-	-	(2,591)	(4,969)	(5,711)	(6,035)	(5,732)	(5,985)
21	Rev. Requirement	-	-	-	-	-	-	(1,778)	(2,626)	(3,255)	(2,357)	2,237	4,745
22	Adjustment for ECAM Pass-through	-	-	-	-	-	-	77	147	170	179	170	178
23	NPC Incremental Savings	-	-	-	-	-	-	-	-	-	-	-	-
24	Percentage included in ECAM (70%)	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
25	ECAM Pass-through	-	-	-	-	-	-	54	103	119	125	119	124
26	Rev. Reqt after ECAM Pass-through	-	-	-	-	-	-	(1,832)	(2,730)	(3,374)	(2,482)	2,118	4,620
27	<b>Wyoming Allocated</b>	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Deferral - WY Share	-	-	-	-	-	-	(293)	(436)	(538)	(396)	338	737
29	Net Customer Benefit	-	-	-	-	-	-	(284)	(419)	(519)	(376)	357	757
30	Deferral Balance - WY Share	-	-	-	-	-	-	-	-	-	-	-	-
31	Beginning Deferral Balance	-	-	-	-	-	-	-	(293)	(729)	(1,269)	(1,668)	(1,332)
32	Monthly Deferral	-	-	-	-	-	-	(292)	(436)	(538)	(396)	338	737
33	Deferral Collection	-	-	-	-	-	-	-	-	-	-	-	-
34	Carrying Charge	-	-	-	-	-	-	(0)	(1)	(2)	(2)	(3)	(2)
35	Ending Deferral Balance	-	-	-	-	-	-	(293)	(729)	(1,269)	(1,668)	(1,332)	(597)
36	Federal/State Combined Tax Rate	37.951%											
37	Net to Gross Bump up Factor = (1/(1-tax rate))	1.6116											
38	Deferred Balance Carrying Charge	2.02%											
39	Property Tax Rate	0.77%											
40	Wyoming SG Factor	15.9592%											
41	Wyoming GPS Factor	14.6657%											

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 June 15  
 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 ECAM, 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-3R 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 Wyoming 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 Wyoming 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. 20000-469-ER-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 seventy percent on line 21 to determine the amount of the NPC savings that will be returned to customers through the sharing band of the ECAM. The RTM is designed to provide the remaining thirty percent of the NPC savings in years that the revenue requirement benefits are sufficient to cover that amount. Absent this adjustment, customers would not get 100 percent of the NPC associated with repowering. The calculation of NPC savings is described in Exhibit JRS-4R.

**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 Wyoming 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 seventy percent ECAM pass-through on line 22 is subtracted to provide the Revenue Requirement after ECAM Pass-through on line 23. Wyoming'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 ECAM 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 ECAM, then that year's deferral is equal to the additional benefit found on line 23. If the Revenue Requirement after ECAM 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 ECAM, it will not operate to surcharge customers. The Net Customer Benefit (line 25) is the sum of the ECAM Pass-through (line 22) and the Total Deferral - WY 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 ECAM. As described earlier, each month the total-Company RTM revenue requirement will be calculated as illustrated on Exhibit JRS-3R to align with the resources included in the ECAM. 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 April 15, with an interim rate effective date that corresponds with the ECAM application, June 15.