

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE AMENDED)
APPLICATION OF POWDER RIVER ENERGY)
CORPORATION FOR AUTHORITY TO)
DECREASE ITS COST OF POWER ADJUSTMENT)
BY \$9,733,916 PER ANNUM TO REFLECT A)
CHANGE IN AVERAGE WHOLESALE POWER)
COSTS)

Docket No. 10014-193-CP-18
(Record No. 15129)

ORDER REVISING COST OF POWER ADJUSTMENT

(Issued February 7, 2019)

This matter is before the Wyoming Public Service Commission (Commission) upon the Application of Powder River Energy Corporation (PRECorp or the Cooperative) for authority to revise its Cost of Power Adjustment (COPA) to reflect a net decrease of \$9,733,916 per annum in wholesale power costs as more fully described below. The Commission, having reviewed the Application, its files concerning PRECorp, applicable Wyoming utility law, and being otherwise fully advised in the premises, FINDS and CONCLUDES:

1. PRECorp is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(C), subject to the Commission's jurisdiction pursuant to Wyo. Stat. § 37-2-112.

2. On November 1, 2018, PRECorp submitted its Application requesting authority to adjust its COPA factors to reflect a total system decrease of \$9,721,331 in wholesale power costs, effective January 1, 2019, pursuant to Commission Rule Chapter 3, Section 26, and in accordance with the COPA procedures in the Cooperative's Billing Adjustments Tariff. On December 10, 2018, the Cooperative filed to amend its Application to correct the interest rate used in the true-up calculation, which changed the proposed decrease to \$9,733,916.

3. The COPA is a mechanism by which the Cooperative recovers or returns changes in its wholesale power cost relative to the amount of power cost embedded in base retail rates. The proposed COPA factors in this Application reflect the projected cost of power for January through December 2019 using projected billing units for the period and the applicable wholesale rates from the Cooperative's wholesale supplier, effective January 1, 2019. Additionally, the proposed COPA factors reflect the reconciliation of the COPA revenue for the months of October 2017 through September 2018 and the accrual of interest on any over-recovered balances during the true-up period. The COPA is calculated for three distinct sets of customers: [i] the Large Power Transmission-Coal Mine Class (LPT-CM); [ii] the Large Power Transmission-Coal Bed Methane (LPT-CBM) and Large Power Transmission-General Class; and [iii] Residential, General Service (GS), Large Power (LP), Irrigation, General Service-Coal Bed Methane (GS-CBM) and Large Power-Coal Bed Methane (LP-CBM) classes. The proposed COPA factors for each rate class are reflected in Table 1 below.

Table 1: Current vs. Proposed Rates

Rate Class	Existing COPA Factor	Proposed COPA Factor	Difference (\$/kWh)	Change in Revenue
Residential, General Service (GS), Large Power (LP), Irrigation, GS-CBM, LP-CBM	\$0.008568	\$0.007064	(\$0.001504)	(\$1,828,269)
LPT-CM	\$0.000527	\$0.000851	\$0.000324	\$316,551
LPT-G and LPT-CBM	\$0.003714	\$0.004565	\$0.000851	\$58,806

4. PRECorp is a Class C member of Basin Electric Power Cooperative (Basin) and a member of Members 1st Power Cooperative (Members 1st) (a Class A member of Basin). In the fall of 2016, PRECorp initiated the formation of Members 1st with Fergus Electric Cooperative and Tongue River Electric Cooperative due to shrinking sales and the possibility of PRECorp losing its Class A membership. PRECorp assigned its all-requirements wholesale power purchase agreement with Basin to Members 1st in January 2017.¹ In its contract with Members 1st, PRECorp agreed it would pay Basin's Class A rates for all electric capacity and energy furnished through Members 1st and all other charges and costs.

5. In the 2018 COPA Application, the Cooperative explained Members 1st is a non-operating "paper" Gas and Transmission Cooperative. The "adder" shown for Members 1st in the 2018 COPA was for administrative functions, such as power billing and accounting. In the 2018 COPA Application, PRECorp requested recovery of \$19,000 in monthly adder expenses. The Commission denied recovery of the adder (amounting to \$228,000 total) "until PRECorp proves by a preponderance of the evidence the monthly adder is a just and reasonable cost that should be collected from customers through the COPA mechanism." In this Application, PRECorp included recovery of \$235,527.96 for the 2018 Members 1st adder plus another \$235,527.96 for the projected 2019 Members 1st adder.

6. On November 5, 2018, the Commission issued its *Suspension Order* pursuant to Wyo. Stat. § 37-3-106(c), suspending the effectiveness of the Application for the initial statutory period.

7. On November 19, 2018, the Commission issued its *Notice of Application* setting a deadline of December 14, 2018, for interested persons to file a public comment, statement, intervention petition, protest or request a public hearing. A public notice, generally describing the Application, was published in newspapers in PRECorp's service territory. The notice period expired without any comment, protest or intervention.

8. Pursuant to Commission Rule Chapter 3, Section 26(a), a public utility may file an application to pass on to its customers in rates, known or projected commodity or commodity-related cost increases or decreases if the application complies with the substantive and procedural

¹ Docket No. 10014-179-CK-17 (Record No. 14692), *Notice of Contract Filing by Powder River Energy Corporation*, March 27, 2017.

requirements of the Rules and the Commission determines:

- a. The evidence shows recovery of the costs is in the public interest and the pass-on includes only prudent commodity or commodity-related cost increases or decreases not under the Commission's jurisdiction.
- b. The costs included in the application are the most reasonable option available to the utility for safe, adequate and reliable service.
- c. The pass-on increase or decrease is allocated to all retail rate classes and contract customers on an equal or proportionate basis. The Commission may consider special proportionate class allocation if requested.
- d. The application contains supporting documentation as required by the Rules.

8. Pursuant to Commission Rule Chapter 3, Section 26(b), a utility may file an application to establish a CBA tariff mechanism to account for the difference between commodity or commodity-related revenues collected, based on projected wholesale costs, and the actual, prudent commodity or commodity-related expenditures the utility incurred. The utility may apply to the Commission for approval to include other costs and revenues in the CBA. Interest shall be paid on over-collected balances. Interest may be collected on under-collected balances upon a showing that it is in the public interest. Interest shall be computed at the Commission Authorized Interest Rate.

9. PRECorp's Application came before the Commission for consideration pursuant to due notice at its Open Meeting on December 20, 2018. Joanne Kolb, Chief Financial and Administration Officer, participated by telephone on behalf of PRECorp. Ms. Kolb provided a summary of the Application and components of the COPA factors for each rate class, generally describing the information set forth above. Commissioner Cooley noted that the Members 1st fees were excluded in the last Application because it was not clear that by including those costs in the COPA that the Cooperative would not be double collecting for costs already in base rates. Ms. Kolb indicated that the Cooperative has created a mechanism to refund back to its membership those funds that were in base rates. Ms. Kolb also stated that the Cooperative would provide 2017 data related to comparison of costs and benefits in mid-January and the 2018 data by mid-February. Commission Staff recommended the Application be approved subject to the possible refund of the Members 1st fees, should the Cooperative's 2017 and 2018 data fail to support the fees.

10. Based on the Application, representations by Ms. Kolb, and the recommendations of Commission Staff, the Commission finds and concludes that PRECorp's Application generally conforms to the requirements of Commission Rule Chapter 3, Section 26. The Cooperative is authorized to use a balancing account as granted to the Cooperative in previous dockets. The Commission further finds more information is required to support the Members 1st fees and directs PRECorp to file the information offered at the December 20, 2018, Open Meeting by February 22, 2019. The pass-on rate changes should be effective for service rendered on and after January 1, 2019. The approval of the Application is subject to refund of the Members 1st fees should the Cooperative fail to provide evidence that the fee is properly included in the COPA.

IT IS THEREFORE ORDERED:

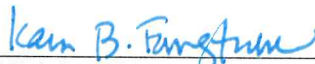
1. Pursuant to Open Meeting action taken on December 20, 2018, the Application of Powder River Energy Corporation for authority to adjust its Cost of Power Adjustment to reflect a net decrease of \$9,733,916 in wholesale power costs is approved, subject to refund of the Members 1st fees.
2. The Commission's approval of the Application is effective for usage on and after January 1, 2019.
3. The Cooperative is directed to file by February 22, 2019, its 2017 and 2018 data related to the costs and benefits of the Members 1st fees.
4. This *Order* is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, on February 7, 2019.

PUBLIC SERVICE COMMISSION OF WYOMING



WILLIAM F. RUSSEL, Chairman²



KARA B. FORNSTROM, Deputy Chair



ROBIN SESSIONS COOLEY, Commissioner



Attest:



STEVE MINK, Assistant Secretary

² William F. Russell, Chairman, retired effective January 1, 2019. Chairman Russell participated in and concurred with this decision.