



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Brenda Salter, Technical Consultant

Date: April 18, 2013

Re: **Recommendation – Acknowledgement, Rocky Mountain Power’s 2012 Annual Report of the Blue Sky Program, Docket 00-035-T01**

RECOMMENDATION:

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) acknowledge the 2012 Annual Report of the Blue Sky Program of Rocky Mountain Power (Company), as it meets the Commission’s reporting requirements ordered for this program.

ISSUE:

Pursuant to Commission Orders in Docket Nos. 00-035-T01 and 07-035-T13, on April 1, 2013, the Company filed with the Commission its Annual Report of the Blue Sky Program (2012 Annual Report) covering the Calendar Year 2012. On April 3, 2013, the Commission issued an Action Request to the Division requesting a review of the 2012 Annual Report. This Memorandum is the Division’s response to the Commission’s Action Request.

DISCUSSION:

The Order in Docket No. 00-035-T01, dated April 17, 2000, directed the Company to provide an annual report of the Blue Sky program. Specifically, this Order required the annual report to “account for all revenues received, blocks purchased, blocks generated or contracted for and other program costs.” In a subsequent Order under Docket No. 00-035-T01, dated March 21, 2008, the Commission approved a number of critical recommendations made by the Division in its Memorandum of January 24, 2008.

Further, in its Order in Docket No. 07-035-T13, dated September 6, 2007, the Commission stated:

[W]e direct the Company to work with the Division, the Committee and other interested parties in the development of the annual report to address their concerns including the contents, timing, distribution, notification and other aspects of this report. The exception is the annual report must include the ratemaking treatment of the funds received, cost of purchases including RECs, and interest earned on the balance of funds.

Finally, in its Order in Docket No. 00-035-T01, dated April 29, 2010, the Commission directed the Company to include in subsequent annual reports the REC Position Reconciliation report and the Community Project Funding Reconciliation report.

The Division reviewed the content and the format of the 2012 Annual Report of the Blue Sky Program in light of the above Commission Orders. The report contained a spreadsheet with eight tabs. In these tabs the Company provided the required Utah specific and total Company information: revenue, costs, and customer participation; Renewable Energy Certificates (REC) purchases; program available funds; funding award application history; project standards and evaluation criteria; REC Position Reconciliation report; and the Community Project Funding Reconciliation report.

The 2012 Annual Report filed by the Company provides monthly detail showing \$2.4 million in revenue was collected over the reporting period for the purchase of 150,374 megawatt hours of new renewable energy. The 2012 revenue combined with accrued interest for the period and the December 2011 funds balance gives total available funds of \$3.2 million. About 10 percent of the revenue was used to purchase 133,581 megawatt hours of RECs from new renewable wind energy. About 21 percent of the revenue was used for program administration. Of the remaining revenue, 56 percent was used for Qualifying Initiatives which were primarily small-scale solar energy projects.

A discrepancy was noted on the Total Company Beginning Available Fund Balance – December 2011 on the Report Spreadsheet. The 2012 beginning available fund balance on the 2012 Annual Report did not match the 2011 ending available fund balance from the 2011 Annual Report, \$1,615,184 and \$1,865,184 respectively. An informal request was made to the Company asking for an explanation of the difference. The Company stated that a prefunded project¹ for the City of Bend Oregon ran into funding problems which resulted in the prefunded amount being refunded back to the program in 2011. The Company worked with the City of Bend and was able to get the project moving forward again, committing \$250,000 to the project. The 2011 Annual Report, Project Reconciliation TAB shows the refund of \$292,500 from the City of Bend. Unfortunately, the recommitment of funds was not noted in either the 2011 or 2012 Annual Report. The Division recommends that when funds have been refunded on a project but then the project is funded again in a subsequent year the Company include the project as part of the Community Projects Awarded on the Available Fund Projects TAB with an explanation for the funding.

The Division also observed that the 2012 Annual Report contained some negative program costs. For example, there are negative renewable energy credits costs for the months of May and August and negative printed collateral costs for the month of April. In a response to an informal request, the Company indicated that the negative May renewable energy credit was the result of reallocation to closer approximate what would have happened if the Company was able to

¹ 2006 project that was funded in advance

allocate RECs to states on a real-time basis. The negative August renewable energy credit was the result of a posting error from July that was corrected in August. The printed collateral negative value in April was also the result of a posting error and was corrected in May.

In the Division's May 5, 2008 Memorandum to the Commission the Division states the following:

It is difficult if not impossible to determine, without a complete audit, how costs are moved from category to category. In order for the report to be understandable as a stand alone summary, the Division recommends the Company appropriately reference the report using footnotes, or some other appropriate means, to better explain why certain costs are negative in some months. Similar referencing must be provided to give a clear understanding of how and why reported costs are reclassified.

The Division reiterates the 2007 recommendation and requests the Commission require the Company to provide documentation on negative costs.

CONCLUSION

After reviewing the information contained in the spreadsheet, the Division concluded that the report is in compliance with the Commission Orders and adhered to the Commission's reporting requirements. The Division recommends that the Commission acknowledge the Company's 2012 Annual Blue Sky Annual Report and requests that the Division's recommendations in this filing be incorporated in subsequent filings.

CC: Jeffrey K. Larsen, RMP

Dave Taylor, RMP

Michele Beck, OCS