



State of Utah  
Department of Commerce  
Division of Public Utilities

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## ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: May 14, 2014

Re: **Rocky Mountain Power Annual Report of the Blue Sky Program**

Docket No. 00-035-T01

## RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Utah Public Service Commission (Commission) acknowledge Rocky Mountain Power's (Company) 2013 Annual Report of the Blue Sky Program, 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 March 31, 2014, the Company filed with the Commission its Annual Report of the Blue Sky Program (2013 Annual Report) covering the Calendar Year 2013. On March 31, 2014, the Commission issued an Action Request to the Division requesting an investigation and a tariff compliance review of the 2013 Annual Report. On April 28, 2014 the Division requested an extension to the Commission's Action Request due date from April 30, 2014 to May 14, 2014. The Division requested additional information in the docket that had not been received. On April 30, 2014 the

Commission granted the extension. 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 along with various filing requirements. Subsequent to this Order, additional filing requirements have been incorporated into the annual report. The Blue Sky Annual Report filing requirements include the following:

- account for all revenues received, blocks purchased, blocks generated or contracted for and other program costs;<sup>1</sup>
- include the ratemaking treatment of the funds received, cost of purchases including RECs, and interest earned on the balance of funds;<sup>2</sup>
- the current Renewable Energy Credit balance in addition to the annual balances;
- the Utah Beginning Available Fund Balance and the deductions leading to the Utah Available Fund Balance before Qualifying Initiatives;
- further detail on Qualifying Initiatives, including the total number of the applications received, the number rejected, the criteria and the evaluations underlying project selections, the locations (beyond state identification) of the awarded projects, a description of the project, and information on the facility at which each project is located;
- a status report on the \$900,000 contract for future purchase of RECs and an explanation of how this expenditure of excess funds was determined to be the best use of excess funds;
- any communications about the Blue Sky program the Company has provided to its Blue Sky customers in Utah during the reported year;<sup>3</sup>
- a REC Position Reconciliation report;
- the Community Project Funding Reconciliation report;<sup>4</sup>
- supporting documentation or report any inconsistency in the ending and starting available fund balances in the Annual Reports, and;

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<sup>1</sup> Commission Order in Docket No. 00-035-T01, dated April 17, 2000

<sup>2</sup> Commission Order in Docket No. 07-035-T13, dated September 6, 2007

<sup>3</sup> Commission Order in Docket No. 00-035-T01, dated March 21, 2008

<sup>4</sup> Commission Order in Docket No. 00-035-T01, dated April 29, 2010

- documentation, footnotes, or some other appropriate means to better explain negative program costs<sup>5</sup>

The Division reviewed the content and the format of the 2013 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 2013 Annual Report filed by the Company provides monthly detail showing on a Utah basis \$2.5 million in revenue was collected over the reporting period for the purchase of 154,476 megawatt hours of new renewable energy. The 2013 revenue combined with accrued interest for the period and the December 2012 funds balance gives total available funds of approximately \$3.17 million. Approximately 6 percent of the revenue was used to purchase 165,926 megawatt hours of RECs from new renewable wind energy. Approximately 27 percent of the revenue was used for program administration. Of the remaining revenue, 59 percent was used for Qualifying Initiatives which were primarily small-scale solar energy projects. The Division noted that the contractual obligation with Spanish Fork Wind Park was final in 2013 with spending of \$56,386 for REC purchases.

The 2013 Annual Report included a change in how the Company reported the Beginning Available Fund Balance on the Excel Sheet titled Available Fund Projects. The Division was unable to reconcile the 2013 Beginning Available Fund Balance with the 2012 Ending Available Fund Balance. An informal request was made to the Company on April 22, 2014 requesting an explanation of the calculation. On April 30, 2013 the Company requested the Division submit a formal data request. The Company's response to DPU DR 2.1<sup>6</sup> included a corrected Program

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<sup>5</sup> Commission Acknowledgement in Docket No. 00-035-T01, dated May 28, 2013

<sup>6</sup> The Company's response to DPU DR 2.1 is included as DPU Attachment 1

Available Funds table for the 2013 year. The Utah Beginning Available Fund Balance was \$2,724,989 excluding 2012 project funding. The Utah 2012 project funding was \$1,795,770. The corrected table shows project funds for 2011 that are committed but not yet paid out, 2011 project funds paid out at less than committed, and 2012 project refunds.

	<b>Utah</b>
Beginning Available Fund Balance (NOT including 2012 community project funding committed)	\$2,724,989
2012 Community Project Funds Committed	(\$1,795,770)
2011 Community Project Funds Committed	(\$444,750)
2011 Community Project Commitments funded at less than the committed amount in 2012	(\$76,509)
2012 Community Project refunds	(\$233)
<b>Beginning Available Fund Balance - December 2012</b>	<b>\$407,727</b>

As a result of the project funding corrections the January 2013 beginning available fund balance is \$407,727 which is also the December 2012 ending available fund balance from the 2012 Annual Report. This is a correction from the original 2013 Annual Report filing where the Company reported \$844,872 as the 2013 Utah Beginning Available Fund Balance. The Division believes the corrected 2013 Program Available Funds report meets the Commission's requirements for reporting the available funds.

The Division notes that in its review of the 2012 Annual Report a request was made to the Commission to require the Company to provide a reconciliation of project funding from previous years that effect the available fund balance. On May 28, 2013 the Commission acknowledged the 2012 Annual Report and directed that the Company provide the additional supporting information requested by the Division in subsequent filings. The Division again requests that the Company provide a reconciliation of project funding in future filings along with an explanation of funding changes.

## **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 2013 Blue Sky Annual Report and requests that the Division's recommendations in this filing be incorporated in subsequent filings.

CC Jeffrey K. Larsen, Rocky Mountain Power  
Dave Taylor, Rocky Mountain Power  
Michele Beck, Office of Consumer Services