

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

-----  
In the Matter of the Approval of Rocky Mountain Power's Tariff P.S.C.U. No. 47,  
Re: Schedule 107 - Solar Incentive Program )  
)  
)  
)  
)  
)  
)  
-----

DOCKET NO. 07-035-T14  
ORDER ON THE  
2009 ANNUAL REPORT

ISSUED: September 15, 2010

By The Commission:

INTRODUCTION

On April 4, 2007, PacifiCorp, doing business in Utah as Rocky Mountain Power ("Company"), filed with the Utah Public Service Commission ("Commission") a request for approval of Schedule 107 - Solar Incentive Program ("Program"). The Program is a five-year pilot program providing financial support to those customers who purchase and install solar photovoltaic systems.

On August 3, 2007, the Commission approved the Program subject to certain conditions. As a component of the Program, the Company committed to file an annual report of the program summarizing annual program results and related expenditures by March 1<sup>st</sup> of each year.<sup>1</sup>

On May 27, 2009, the Company filed annual reports for 2007 and 2008. On July 23, 2009, the Office of Consumer Services ("Office") sent a letter to the Commission in response to the Company's annual reports. The Office expressed concern that there was a lack of compliance in returning the attestation certificates and that these certificates were an important

---

<sup>1</sup> Docket No. 07-035-T14, "In the Matter of the Approval of Rocky Mountain Power's Tariff P.S.C.U. No. 47, Re: Schedule 107 – Solar Incentive Program," Order Approving Tariff with Certain Conditions, August 3, 2007.

factor in evaluating the Program. The Office requested the Commission require the Company to evaluate the problem and consider alternative methods for increasing compliance.

On August 5, 2009, the Commission issued two letters to the Company. The first letter acknowledged the reports and the second requested the Company respond to the attestation compliance issue raised by the Office.

On February 25, 2010, the Company requested an extension of time to file the 2009 Annual Report until March 15, 2010. On March 15, 2010, the Company filed its 2009 Solar Photovoltaic Incentive Program Annual Report ("2009 Annual Report"). On March 16, 2010, the Commission issued an action request to the Division of Public Utilities ("Division") and on April 20, 2010, issued a request for comments on the 2009 Annual Report due May 3, 2010.

#### PARTIES' COMMENTS AND RECOMMENDATIONS

In addition to the Division, the following parties provided comments on the Company's 2009 Annual Report: Utah Solar Energy Association; Salt Lake County; Salt Lake City; Department of Natural Resources, Utah State Energy Program; and Utah Clean Energy ("Parties").

The Division recommends the Commission acknowledge the 2009 Annual Report as meeting the Commission's reporting requirement for the Program. The Division reviewed the filing and evaluated it according to the requirements set forth by the Commission and found the 2009 Annual Report complies with the Commission Order. The Division notes the 2009 Annual Report included a recommendation from the Company that attestation certificates are no longer

necessary since the Company will be installing generation interval meters on select solar photovoltaic installations to gather information on system generation performance. The Company believes this will provide more timely, accurate and granular data that is consistent with the load research requirements than could be obtained by gathering energy output data from attestation certificates that are currently used to gather the information. Therefore, the Company indicated, and the Division agrees, that the attestation certificates are no longer needed for customers receiving time of use meters. The Division views the introduction of these meters as a very productive measure that will help the program to realize one of its key goals of assessing the value of distributed photovoltaic systems to the Company's system.

The comments received from the Parties include the following concerns:

1. The Commission should open an investigative docket, or other formal proceeding, to initiate a comprehensive review of the effectiveness of the Program and evaluate it for possible changes and expansion.
2. The Commission should use caution in using the findings in the Company's 2009 Annual Report to determine the effectiveness of the program without considering economies of scale, more reasonable administrative costs, programs used in other utilities, and more transparent data analysis.
3. The Program budget, and design, is too small to fairly conduct an economic analysis and to encourage adequate solar penetration into the Utah market.
4. The Parties support a more open and thorough review process and request a more detailed explanation of the methodology, assumptions, calculations, formulas and

models used in the report and request an open forum to explore these issues. Of particular concern are Tables 3 (Levelized Cost of Energy) and 4 (Results for Standard Economic Tests).

5. The average installation costs shown in the report appear to be too high and do not accurately reflect current market prices.
6. The administrative costs shown in the report are extremely high compared to the total program costs due to the small scale of the program. The costs associated with the Company's metering requirement for these installations also contribute to the high administrative costs and likely negatively impact the cost effectiveness of the pilot program. The metering costs are a one-time expenditure intended for the purpose of data acquisition and should not be used to calculate the total cost of the program for the purposes of determining the program cost effectiveness.
7. Three additional cost effectiveness analyses should be performed including:
  - o Levelized Utility Costs without the generation meters included
  - o Levelized Utility Costs with a 5 percent administrative cost cap
  - o Levelized Utility Costs with a 10 percent administrative cost cap

DISCUSSION, FINDINGS, AND CONCLUSIONS

1. Based on the Division's recommendation, we conclude the Company's 2009 Annual Report generally meets the requirements identified in our August 3, 2007, Order.

2. We find that with the installation of generation meters, the Company has addressed the issue raised previously by the Office regarding attestation certificates. We conclude attestation certificates will no longer be needed since the output information collected from the generation meters will be used to determine the generation profile of the solar photovoltaic systems.
3. We conclude more data transparency is needed in the annual reports and we direct the Company to provide more detailed explanation of the methodology, assumptions, calculations, formulas and models used in the 2009 Annual Report. We direct the Company to provide this information for prior and current years in its next annual report and in the three-year program assessment report due September 30, 2010.
4. Although not formally requested, we approve the Company's recommendation to move the annual report due date to March 31<sup>st</sup> going forward to enable more orderly close-out and reconciliation of prior year projects.
5. We find the concerns and comments raised by the parties in this docket are important and warrant further review. The Commission directs the Company to evaluate the issues raised by the Parties and address them in the three-year program assessment report due September 30, 2010. We intend to open the three-year program assessment report for review by all interested parties.

DOCKET NO. 07-035-T14

-6-

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, the Commission acknowledges the 2009 Annual Report for the Solar Incentive Program subject to the comments and conditions in this Order.

DATED at Salt Lake City, Utah, this 15<sup>th</sup> day of September, 2010.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary  
G#68590