State of Utah
Department of Commerce
Division of Public Utilities

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Memorandum

TO: Public Service Commission

FROM: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Bob Davis, Utility Analyst
Justin Christensen, Utility Analyst

DATE: November 25, 2014

SUBJECT: 14-035-T12 TARIFF In the Matter of Rocky Mountain Power's Proposed Revisions to Electric Service Schedule No. 91, Surcharge to Fund Low Income Residential Lifeline Program; Proposed Electric Service Schedule No. 92, Low Income Residential Lifeline Program Surcharge Refund Credit.

Recommendation (APPROVAL)

The Division of Public Utilities (Division) has reviewed Rocky Mountain Power's (RMP or Company) Advice No. 14-10 Tariff P.S.C.U. No. 50 of PacifiCorp, dba Rocky Mountain Power electric service in the State of Utah - Low Income Residential Lifeline Program, and finds that it meets the Public Service Commission's (Commission) reporting requirements and that the proposed tariff sheets do not constitute a violation of State Law or Commission Rule.

After analysis, the Division finds no outstanding issues other than those listed below with the calculation of the revised tariff No. 91 - Surcharge to Fund Low Income Residential Lifeline Program or original tariff No. 92 - Low Income Residential Lifeline Program Surcharge Refund Credit at this time and recommends that the Commission approve the Company's revised tariff Sheet No. B.1, revised Sheet No. 91 and original Sheet No. 92.

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Issue

On November 10, 2014, PacifiCorp ("PacifiCorp"), dba Rocky Mountain Power, filed Advice No. 14-10, proposing Electric Service Schedule No. 92, Low Income Residential Lifeline Program Surcharge Refund Credit; and proposing revisions to Electric Service Schedule No. 91, Surcharge to Fund Low Income Residential Lifeline Program and Sheet No. B.1 (tariff index).

On November 12, 2014, the Commission issued an Action Request to the Division requesting an Investigation of the filing and to provide analysis, evaluation of results and conclusions as a basis for recommendations regarding the filing. The Commission asked the Division to report back by November 25, 2014.

Discussion

Presently, Rocky Mountain Power provides a $12.60 monthly Low Income Lifeline Credit for qualifying residential customers under Electric Service Schedule No. 3. This is an increase from an $11.00 monthly credit which was in place prior to September 1, 2014 and a result of the last general rate case. The Company also offers an additional $10.00 monthly Life Support Assistance Credit Option to qualifying customers. Funding for these credits is provided through a surcharge collected under the terms of Electric Service Schedule No. 91. According to the Company, the $10.00 Life Support surcharge is part of the Home Electric Lifeline Program surcharge as shown on customer bills. When the company was asked where the Life Support funding shows up in the analysis for this filing, the Company's response was that the option is funded out of Schedule 91 and has very few customers and therefore absorbed into the analysis of Schedule 91. The surcharge was last revised through an increase in October 2011. The adjustment at that time was needed due to an increase in participation resulting from the downturned economy.

The Company continues to work with Utah Housing and Community Development (HCD) staff to promote the program and assist eligible customers to participate. However, the Company and HCD believe that the participation rate has and will continue to decline as the economy improves. Since the October 2011 surcharge revision, program participation has declined from an average of 32,804 participants in 2011 to a projected average participation of 25,370 in 2015. This forecast was prepared by the Company's internal forecasting group in conjunction with HCD. For purposes of reviewing the Company's application, the Division accepts the forecast as a reasonable conjecture of events.

As a result of the decline in participation, even with the increase to the monthly credit from the last rate case, the current collections under the Schedule 91 surcharge exceed the credits dispersed and, therefore, the Company also requests a decrease to the surcharge.

In compliance with Utah Code Ann. § 54-7-13.6 versus § 54-17-13.6 as filed, the proposed change brings the Schedule 91 surcharge rate to approximately 0.27 percent of revenues for rate schedules that are not at the $50/month cap. For residential customers the surcharge is proposed to decrease by six cents per month, from $0.26 to $0.20.

Page 1 of Attachment-A to this filing includes a summary of historical and projected Schedule 3 participating customers. Page 2 of Attachment-A is a table that summarizes the proposed revisions by schedule to the Schedule 91 surcharge. The proposed surcharge amounts are estimated to collect $3,865,926 annually, which includes an estimated unconfirmed payment of $30,000 to HCD to cover its actual costs incurred in qualifying households as income eligible. The proposed Schedule 91 surcharge represents a decrease of $820,051 from current rates. Column 4 of Attachment-A, page 2 illustrates the current monthly surcharge by schedule and column 6 shows the proposed monthly surcharge. The proposed surcharge rates are developed to recover annual Schedule 3 credits of $3,835,926 including HCD Administration fees, based on a projected 25,370 Schedule 3 participating customers. Note that the actual number is $3,835,944 with rounding.

The Division's analysis concludes that the numbers used for Attachment-A, page 2 coincide to the final Schedules in the most recent general rate case as stipulated. However, the Division's analysis conclude that the numbers used include the Net Metering Facilities Charge which was not decided in the recent general rate case, Docket No. 13-035-184 and opened as a separate docket 14-035-114 to be heard at a future date. Additionally, the Step 2 prices beginning September 1, 2015 are used by the Company in their analysis.

The Division does not disagree with the use of the Step 2 pricing beginning September 1, 2015 as it reasonably falls within the forecast of the Low Income and Life Support Assistance customers. However, and although non meaningful in dollar amount, the Division disagrees with the use of pricing which includes the Net Metering Facility Charge.

Analysis of using pricing excluding the Net Metering Facility Charge concludes that the overall outcome does not change either revised Sheet No. 91 or original Sheet No. 92. Specifically, the $23,109,708 rounded to $23,110,000 shown on Attachment-A, page 2, column 3 *"GRC Forecasted Sch 3"* should be

$23,113,292 rounded to $23,113,000 as provided by the recent stipulated general rate case pricing not including the Net Metering Facility Charge.[1] This small adjustment is reflected to the $658,895 and (.27%) on Attachment-A, page 2, columns 3 and 8 respectively for Schedules 1, 2 and 25. Using the $23,113,000 does not impact the (27.95) percentage on column 8 due to rounding. However, there is an insignificant change to the numbers for Schedules 1, 2 and 25 column 3 and 7 revising them to $658,892 and $1,758,253 respectively.[2]

The Company also requested that the Commission approve the attached Schedule 92, Low Income Residential Lifeline Program Surcharge Refund Credit. Proposed Schedule 92 provides a one-time credit on customers' February 2015 bills to reduce the current account balance by $1,236,626 leaving in the account an estimated three month reserve of approximately $958,982. This also provides the funding for the Life Support Assistance Credit Option. According to the Company there are less than 100 customers currently using this option. The proposed credit provides a refund of approximately 28 percent of the current annual Schedule 91 revenues for rate schedules that are not at the $50/month cap. The one-time credit ranges from $0.87 for residential customers to $55.81 for customers on Schedule 91. Page 3 of Attachment-A to this filing is a table that summarizes the calculation of the proposed one-time Schedule 92 credit. The Company requests that proposed Schedule 92 terminate once the one-time credits have been provided to customers. The Division's analysis concludes that the numbers used for Attachment-A, page 3 coincide to the final Schedules in the most recent general rate case as stipulated. The Division recommends that a follow-up to the termination of Schedule 92 takes place and is submitted to the Commission upon its expiration.

The Division does not disagree with the use of the Step 2, September 1, 2015 pricing as mentioned above. The Division does disagree with the use of the Net Metering Facility Charge pricing as described above. The difference in the numbers on Attachment-A, page 3 are found to be insignificant similar to that described above regarding Attachment-A, page 2 when using the pricing which excludes the Net Metering Facility Charge.

In compliance with the Commission's October 30, 2014 order in Docket No. 14-035-116, the Company will credit $10,619.88 to the Schedule 91 account. This amount is the avoided cost value of the net metering credits that expired in 2014. The Division concludes that this number coincides with the analysis

[1] See 13-035-184 GRC Stipulation, Exhibit C-RMP Stipulation - Exhibit D 6-25-14, Rate Design Tab, Schedule No. 3-Residential Service – Low Income Lifeline Program
[2] See DPU Revised Attachment-A, pages 2 and 3

performed by the Division in Docket No. 14-035-82, "Customer Owned Generation and Net Metering Report", Section 5, Total Value of Expired Credits as of June 12, 2014.

Conclusion

The Division has reviewed the Company's Advice No. 14-10 Tariff P.S.C.U No. 50 of PacifiCorp, dba Rocky Mountain Power electric service in the State of Utah - Low Income Residential Lifeline Program, and finds that it meets the Commission's reporting requirements and that the proposed tariff sheets do not constitute a violation of state law or Commission rule. The Division disagrees with the use of Schedule 3 pricing including the Net Metering Facility Charge as that portion of the recent general rate case, Docket No. 13-035-184 was not decided and opened as a separate Docket No. 14-035-114 to be heard at a future date. The Division analyzed the spreadsheets using pricing which excludes the Net Metering Facility Charge and found the change from the Company's results to be insignificant with no changes to revised Sheet 91 or original Sheet 92. With no other outstanding issues at this time, the Division recommends that the Commission approve the Company's revised tariff Sheet No. B.1, revised Sheet No. 91 and original Sheet No. 92.

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