

July 22, 2015

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RE: UT Docket No. 15-035-61
UCE 1st Set Data Request (1-11)

Please find enclosed Rocky Mountain Power's Responses to UCE 1st Set Data Requests 1.1-1.11.
Also provided are Attachments UCE 1.1 and 1.10.

If you have any questions, please call Barry Bell at (801) 220-4985.

Sincerely,



Bob Lively
Manager, Regulation

Enclosures

C.c.: Dennis Miller/DPU dennismiller@utah.gov dpudatarequest@utah.gov (C)
Cheryl Murray/OCS cmurray@utah.gov

UCE Data Request 1.1

Program Costs. Do the currently estimated Program Costs (administration, marketing, billing) account for anticipated cost declines over the life of the program? Please explain why or why not.

Response to UCE Data Request 1.1

Yes, the program costs account for cost declines over the life of the program. See Attachment UCE 1.1 for a complete forecast of costs in each cost category by year.

Administration costs will continue to occur over the life of the program to manage all aspects of serving subscribers on the program.

Billing costs are primarily upfront costs to automate the billing process for residential and small commercial customers. Once these upgrades to the billing system are in place, there will be no ongoing billing expenses for these customer classes. There will be some billing costs to manually bill more complex commercial accounts and those costs will be tied specifically to the number of subscribers requiring manual billing.

Marketing costs are projected to be heavier in the early years of the program to promote awareness of the program and fully subscribe the available capacity. Once this is complete marketing costs will be reduced to a level to maintain full subscription of available capacity.

Note: The Company has reviewed program costs since the time testimony was filed and has made modifications which it will outline in its supplemental filing in August.

UCE Data Request 1.2

Program Costs. Please provide both numerical (in Excel format with formulae intact) and narrative justification for the \$600k/year Program Costs estimate (Lucky Morse Direct Testimony, lines 77-79).

Response to UCE Data Request 1.2

The three areas of program costs are in administration, billing and marketing. Estimated inflation over the twenty-five year life of the program has been built in to the cost of each of these categories. Please refer to Attachment UCE 1.1 for the costs of each category shown by year.

Administration costs consist of two FTEs that will manage all aspects of the program and provide a positive subscriber experience. There will also be some additional expenses for internal company support that are directly attributable to the program that will be charged to the program. These costs are in line with the current Blue Sky program administration costs. An initial cost of \$10,000 is included to set up the program administration office. Administration costs are forecast to average \$317,000 per year in current dollars over the life of the program.

Marketing costs are heavier in the early years with projected spend of \$350,000 in 2016 and \$284,000 in 2017 to provide program awareness and outreach to customers and help them subscribe to the program. The program forecasts full subscription by 2018 at which time marketing costs will reduce to approximately \$126,000 per year, growing with inflation, to maintain program awareness and full subscription. This level of customer outreach is maintained throughout the remainder of the program to replace subscriptions as capacity becomes available. Since the program will have a twenty-five year life, it is necessary to maintain customer awareness of the option to purchase renewable energy to meet a portion of or all of a customer's energy needs. These costs are in line with the marketing costs for the Blue Sky program and since this will be under the Blue Sky umbrella, it is important for marketing to be consistent with the Blue Sky block program to help customers understand the differences between the two programs and determine which best meets their needs.

An analysis of billing options was completed which determined that automating the billing for residential, small commercial and non-complex metered customers would provide the cheapest and most accurate billing for customers. To do this, an upgrade to the billing system must be completed to automate billing. This will begin upon program approval, with the bulk of the work occurring in 2016 to be in place by the end of 2016. Once this is complete, these customer classes will not require additional billing costs. A database will also be built to track and manage customer enrollments to maintain accurate records of the term and number of blocks purchased by customers.

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Commercial customers with more complex metering will require manual billing to properly match the energy produced in a given 15 minute period to the energy consumed in that corresponding period. These customers will be billed according to Schedule 32 and the billing costs will be funded through the customer charge on Schedule 32.

Note: The Company has reviewed program costs since the time testimony was filed and has made modifications which it will outline in its supplemental filing in August.

UCE Data Request 1.3

Program Costs. Please isolate the Program Cost component from the Solar Block Generation Charge for each rate schedule listed on the draft tariff sheet No. 73.1 along with its derivation.

Response to UCE Data Request 1.3

Electric Service Schedule 73			
Rate Schedule	Energy Charge	Program Costs	Solar Block Generation Charge
1, 2, 3	6.2 ¢ per kWh	2.6 ¢ per kWh	8.8 ¢ per kWh
23	6.2 ¢ per kWh	2.3 ¢ per kWh	8.5 ¢ per kWh
6, 6A, 6B (no interval meter)	6.2 ¢ per kWh	2.0 ¢ per kWh	8.2 ¢ per kWh
6, 6A, 6Bwith interval meter)	6.2 ¢ per kWh	2.0 ¢ per kWh	8.2 ¢ per kWh
8, 9, 9A	6.2 ¢ per kWh	2.0 ¢ per kWh	8.2 ¢ per kWh

UCE Data Request 1.4

a **Program Costs.** Please explain how the amounts in the administrative, billing and marketing components of the Program Costs were arrived at?

.b For each rate schedule permitted to participate in the Program, please itemize the expense categories included in the administrative, billing and marketing components of Program Costs, along with their associated cost assumptions. Please provide this information in Excel format with formulae intact.

Response to UCE Data Request 1.4

- a. Please see Attachment UCE 1.1.
- b. Please see Attachment UCE 1.1.

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UCE Data Request 1.5

Termination Fees. Please explain the basis for the Company's assumption that it will take six months of Program costs (Solar Block Generation Charge) to "complete the acquisition and setup of another subscriber to replace the one who canceled" (Paul Clements Direct Testimony, lines 260-63 and footnote 6).

Response to UCE Data Request 1.5

The six month estimate was determined after discussing with the marketing and customer service organizations. It is intended to be the expected time to market to and to acquire a new subscriber in the event another subscriber leaves the Program.

UCE Data Request 1.6

- a Solar Generation.** Is the Company planning to track the actual solar generation that corresponds to the levelized amount contracted for by residential and small non-residential Program customers?
- b** Is the Company willing to track and report actual generation associated with customers who lack interval meters, at least during the pilot phase of the program?

Response to UCE Data Request 1.6

- a. Yes. If the actual output varies materially from the levelized amounts included in the Program, the Company may change the size of the levelized block used in the Program. The intent is to have the levelized block quantities match the total energy production of the solar resource as closely as possible over time.
- b. Yes. The Company will have actual generation data for the solar resource and can track that data as needed.

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UCE Data Request 1.7

Solar Generation. What does the Company intend to do if actual solar generation exceeds or is less than the levelized amount contracted for by non-interval metered customers over the course of a year?

Response to UCE Data Request 1.7

If the actual output varies materially from the levelized amounts included in the Program, the Company may change the size of the levelized block used in the Program. The intent is to have the levelized block quantities match the total energy production of the solar resource as closely as possible over time. Adjustments may need to occur over the life of the program.

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UCE Data Request 1.8

Subscription Ramp Rates. Please provide the Company's assumptions regarding the program's subscription ramp period. Please provide any analysis the Company performed regarding program ramp rates.

Response to UCE Data Request 1.8

Yes. The Company assumed a 50% subscription rate in 2017, 75% subscription rate in 2018, and 100% subscription rate by 2019. These rates were established after working with the marketing and customer service organizations to evaluate the rate at which potential subscribers will become aware of the program and then sign up for the program.

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UCE Data Request 1.9

Solar Block Delivery Charge. Please explain how transmission, distribution and customer-related costs will change over time for participants of the Program.

Response to UCE Data Request 1.9

The Solar Block Delivery Charge covers delivery-related costs for transmission, distribution, and customer services. It will be based on the costs for these elements included in the energy rates for the customer's applicable service rate schedule. The Solar Block Delivery Charge will be subject to changes in these cost elements, and such changes will be consistent with approved changes in the customer's energy rate in their applicable service rate schedule. When changes occur to the applicable rate schedules, the Solar Block Delivery Charge will be changed as well, and the Company will submit a revised Schedule 73.

UCE Data Request 1.10

- a Utility Generation Cost.** Please provide the data points and formulae underlying the “Utility Generation Cost” component of the Solar Generation Block Charge, including the “embedded cost of generation” and the “market value of solar energy” referenced on page 17, footnote 7 of Paul Clements’ Direct Testimony. Please provide these data points in Excel format with formulae intact.
- b** Please describe the Utility Generation Cost and the utility services it represents.

Response to UCE Data Request 1.10

- a. See Attachment UCE 1.10, “Overview of regulatory accounting for subscriber solar.”
- b. The Utility Generation Cost is intended to represent the cost the Company will incur to serve the subscribers when the solar resource is not producing energy. It represents the subscriber’s share of the embedded generation costs built into rates. The calculation assumes the subscriber’s load is assigned full embedded costs through the Company’s cost allocation model. It then compares the cost of the solar resource to the market value of the energy from the solar resource. The Utility Generation Cost is then set at a level wherein the subscriber’s revenue covers the full assigned embedded cost and the difference between the solar resource cost and the value of the solar resource energy. So the subscriber is covering their share of allocated costs, and is covering the incremental net power cost increase that occurs because of the solar resource.

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UCE Data Request 1.11

Workbooks. Please provide the workbooks supporting the Company's direct testimony in Excel format with formulae intact.

Response to UCE Data Request 1.11

Please see attachments from other responses in this set.