



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: April 30, 2018

Re: **Acknowledge Rocky Mountain Power's 2017 Annual Report of the Blue Sky Program**

Docket No. 18-035-10

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (Company) 2017 Annual Report of the Blue Sky Program filed on March 30, 2018, 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 30, 2018, the Company filed with the Commission its Annual Report of the Blue Sky Program (2017 Annual Report) covering the Calendar Year 2017. On March 30, 2018, the Commission issued an Action Request to the Division requesting a review of the 2017 Annual Report and to make any recommendations by April 30, 2018. Subsequently, the Commission issued a Notice of

Filing and Comment Period giving interested parties until April 30, 2018 to provide comments, with reply comments due May 15, 2018. This memorandum represents 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 including various filing requirements. Subsequent to this Order, additional filing requirements have been incorporated into the annual report.¹ The Division reviewed the content and the format of the 2017 Annual Report of the Blue Sky Program in light of the Commission Orders and found that it meets the filing requirements.

The Company provided a spreadsheet detailing the 2017 program results. In addition to the spreadsheet, the Company provided the following exhibits:

- Exhibit A: Draft Letter Report for Residential Customers
- Exhibit B: Draft Letter Report for Non-Residential Customers
- Exhibit C: Certificate for Non-Residential Customers
- Exhibit D: Customer Survey Results

The Blue Sky Annual Report shows Total Company Block sales for 2017 at 3,422,813, of which 1,664,531 blocks were attributable to Utah. Block sales were slightly down from previous years, which the Company primarily attributes to a decrease in program marketing activities but the decrease could also be a result of participants moving from Blue Sky to Subscriber Solar or customer owned generation.

¹ The Commission Order in Docket No. 00-035-T01, dated April 17, 2000, directed the Company to "account for all revenues received, blocks purchased, blocks generated or contracted for and other program costs."

The Commission Order in Docket No. 07-035-T13, dated September 6, 2007, directed the Company to include the ratemaking treatment of the funds received, cost of purchases including RECs, and interest earned on the balance of funds.

The Commission Order in Docket No. 00-035-T01, dated March 21, 2008, directed the Company to include: 1) the current Renewable Energy Credit balance in addition to the annual balances; 2) the Utah Beginning Available Fund Balance and the deductions leading to the Utah Available Fund Balance before Qualifying Initiatives in a manner similar to the total Company balances contained at the top of the second spreadsheet in the modified Report; 3) 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; 4) 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.

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

The Company's REC purchase commitment for 2017 was 342,281. According to the 2017 Report, there were 848 RECs remaining from the previous year. The Company purchased 341,433 RECs to satisfy the 2017 Blue Sky REC purchase requirement. REC purchases are certified annually by Green-e. The 2017 Green-e Audit report was not complete at the time of the Company's filing but REC invoice details were submitted to Green-e.

The 2017 Annual Report shows the January 2017 Utah program liability account balance of \$6.4 million. This balance includes \$3.3 million retained for Blue Sky Solar projects that the Company indicates are still under development, \$1.9 million retained for the legislatively approved STEP solar/battery project, and in-process project commitments from the previous year. The Division is concerned with the lack of progress of the Blue Sky Solar projects. These projects were initiated in 2014 and 2015 but appear to be bogged down, primarily by siting issues. Currently, Blue Sky participants are not seeing a renewable energy benefit from these Block purchases. The Division would like to see these projects nearing completion in 2018. If this is not possible, the Commission may wish to reallocate the funds to qualifying customer-owned projects in 2019. Qualifying renewable projects awarded in 2017 totaled \$1,841,312.

On a Utah basis, \$2.7 million in revenue was received over the reporting period. Utah allocated Program operating expenses for the 2017 period were \$345,148, down from 2016 operating expenses. The Company sites decreased marketing activities for the lower operating expenses in 2017. In the 4th quarter of 2017, the Company completed a Blue Sky Customer Survey. A few key points include participants' overwhelming agreement that contributing to Blue Sky helps reduce carbon emissions, develop renewable resources, and is affordable. Respondents are reasonably satisfied with the program and its methods of communication but would prefer communication through email. The Company is in the process of reviewing the customer survey and will develop a communication and marketing plan based on these results.

CONCLUSION

After reviewing the information contained in the 2017 Annual Report, the Division concludes that the report complies with Commission Orders and adheres to the Commission's reporting

requirements. The Division recommends that the Commission acknowledge the Company's 2017 Blue Sky Annual Report.

CC Michael Snow, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List