ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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August 16, 2018

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

RE: **Docket No. 18-035-28**
Rocky Mountain Power's Customer Owned Generation and Net Metering Report and Attachment A for the Period April 1, 2017 through March 31, 2018
Reply Comments

On July 3, 2018, the Public Service Commission of Utah ("Commission") issued a Notice of Filing and Comment Period ("Notice") requesting comments on Rocky Mountain Power's ("Company") July 2, 2018 Customer Owned Generation Net Metering Report and Attachment A for the period April 1, 2017 through March 31, 2018 ("Report"). On August 1, 2018, the Division of Public Utilities ("Division"), the Office of Consumer Services ("Office") and Utah Clean Energy ("UCE") each filed comments. Consistent with the Notice, the Company submits reply comments below.

Reporting Enhancements

The Division recommends that the Commission acknowledge the Report, concluding that it meets the Commission's reporting requirements. The Division further recommends that the Company add a Section 9 to its report illustrating the "Measurement to Cap" for large non-residential customers under Schedule No. 136 – Transition Program for Customer Generators ("Schedule 136"). The Company agrees with the Division's request and will provide the new section in future reports.

The Office also recommends the Commission acknowledge the Report, stating that it found the Report constitutes a complete filing. The Office requested that, for clarity in future reports, the applicable schedule, either Schedule No. 135 – Net Metering Service ("Schedule 135") or Schedule 136, be added to the headings of the applicable tables throughout the Report. The Company agrees with the Office's recommendation.

Reporting Corrections

In discussions with the Division and Office, the Company discovered the inadvertent omission of three customer generators from Attachment A. A corrected version of Attachment A is provided with these reply comments. These customers did not have excess generation in 2017; therefore, the originally reported expired credit value of $159,839.79 did not change.

Schedule 136 Credits

In the cover letter accompanying the Report, the Company noted that the Settlement Stipulation in Docket No. 14-035-114 ("Stipulation") provided recommendations on the use of Schedule 136 expired credits ("Schedule 136 credits"), including that they either be credited to the Company's low-income assistance programs, or be used as determined by the Commission. The Company requested the Commission determine the treatment of the credits in this docket and offered a proposal to credit them to low-income assistance programs, consistent with the treatment of Schedule 135 expired credits ("Schedule 135 credits").

The Division and the Office recommend that Schedule 136 credits be credited to the Company's Energy Balancing Account ("EBA"), since the difference between Schedule 136 credits and the market value of the exports adjusted for line losses is recovered in the EBA, as set forth in Paragraph 32 of the Stipulation. The Company supports this recommendation.

Schedule 135 Credits

UCE proposes to change the current practice of crediting Schedule 135 credits to the Home Electric Lifeline Program ("HELP") program, to now utilize them to provide additional funding toward the Utah Weatherization Assistance Program ("WAP"). For the first year, UCE proposes to allocate the funds directly to Utah Community Action ("UCA"), one of the seven partners that provides weatherization services for the WAP. UCE claims that UCA has a waitlist for services and would use the funding to provide additional weatherization services and explore a potential low-income solar pilot program. UCE proposes that funds be dispersed to all seven partner agencies, after the first year.

Anticipating UCE's proposal, the comments from the Division and Office provided some discussion on using the funds for WAP and a possible low-income solar program. The Division's comments focused on its concerns regarding the viability of a low-income solar program. The Division did not offer an in depth discussion of the WAP proposal stating only that "weatherization programs have proven to be reasonably effective[1]" in conjunction with its recommendation that any low-income solar program require participants to have adequate energy efficiency measures in place. The Office stated that the "low-income weatherization program would be an appropriate use for the value of excess credits[2]," because it believes that the program can make immediate use of the funds to provide services to the program applicants on the waitlist. The Office also notes that the current practice of applying the credits to the HELP program creates a small offset to rates paid by all customers subject to Schedule 91, Surcharge to Fund Low Income Lifeline Program, and does not provide an incremental value to low-income customers. The Office also provides some criteria that could be used to evaluate a low-income solar program, if proposed.

[1] See Docket No. 18-035-28 Division of Public Utilities Action Request Response, August 1, 2018, p. 7.
[2] See Docket No. 18-035-28 Office of Consumer Services Comments , August 1, 2018, p. 5.

<u>The Company's Response to UCE's Utah Weatherization Assistance Program Proposal</u>

The Company carefully considered UCE's proposal to move the credits from the HELP program to the WAP. The Company believes that this is not the best use of these funds, and instead, proposes an alternative consistent with UCE's stated intention, as explained in detail below.

Using Schedule 135 credits to provide additional funds to the existing WAP will likely result in very little, if any, additional assistance to low-income households on the waitlist in a manner that is consistent with the current program tariff, Schedule 118, Low Income Weatherization ("Schedule 118"). As outlined in the tariff, the Company has a contract with the Utah Department of Work Force Services, Housing and Community Development Division ("HCD") for weatherization services. HCD subcontracts with seven local weatherizing agencies ("Agencies") that provide audit, efficiency measure installations, inspections, and energy education services. The Agencies leverage Company-provided funds with federal grants from the U.S. Department of Energy and U.S. Health and Human Services. The Company's funds can be used to cover 50 percent of costs associated with measures *that reduce electricity usage*. As listed in detail in Schedule 118, HCD bills the Company monthly for costs related to installation of approved measures, including:

(Only in homes with *electric* heating)

- ceiling, floor, wall and duct insulation,
- replacement windows,
- ventilation,
- weather-stripping and caulking,
- thermal doors, and
- thermostats.

(Only in homes with *electric* water heaters)

- showerheads,
- aerators, and
- pipe insulation.

(Offered regardless of heat and water heating source)

- refrigerators,
- LEDs and fixtures,
- replacement of inefficient window AC, and
- efficient furnace fans installed with efficient gas furnaces.

Schedule 118 does not expressly limit funding. The Company's current agreement with HCD includes a maximum annual funding cap of $225,000. However, the billings received from HCD for the WAP have not come close to using the funds currently available, as shown in the actual billings from HCD to the Company for the WAP in Table 1 below:

TABLE 1:
Funding Requests for WAP to Rocky Mountain Power

Year	Amount of Funding ($)	# of homes
2018 (to date)	24,525	158
2017	47,332	296
2016	30,790	333
2015	28,525	306
2014	66,950	419
2013	81,046	543

Although the WAP has a waitlist, the weatherization services that would be eligible for Company funding are limited by the number of homes on the waitlist with a need for weatherization measures that reduce electricity usage, i.e., those with installed electric heat and/or electric water heaters as well as appliances. Most of the homes served by the Agencies are heated with natural gas, and/or have natural gas water heaters. This limits the weatherization measures offered by WAP that are eligible for Company funds. Adding more funding to the WAP from Schedule 135 credits will not increase the number of homes weatherized, as the Company already offers funding each year for the program that is not utilized.

Requiring the Company to use Schedule 135 credits to provide additional funding to the WAP would have one of two possible outcomes. First, under the current structure requiring the weatherization services to result in electricity reductions, the funds would simply offset, not augment, what the Company already has available. Second, if the Company were required to change the qualifications for funding projects by removing the requirement that they directly relate to electricity usage, the funds would then be used for purposes that do not reduce electricity consumption, but consumption of natural gas and other non-electric energy sources. This change would be inconsistent with the current tariff and a departure from the intent of the Company's role and participation in the WAP. Although this may align with UCE's mission to promote clean energy from all sources, it is not appropriate for electric customer funds - Schedule 135 credits - to be used to create energy savings for customers of other energy sources. If this is what is intended in UCE's proposal, the Company suggests that any proposal to use funds from electric customers in this manner should demonstrate that it is in the interest of the Company's customers. Furthermore, such a proposal should also be accompanied by a specific method by which a cost-effectiveness test could be applied.

<u>The Company's Response to the Low-Income Solar Proposal</u>

UCE suggests that part of the expired credits could possibly be used to fund a low-income solar program. The Company is open to having ongoing discussions related to a possible program. However, the Company shares the Division's concerns that such a program may have high administrative costs and provide benefits to very few customers. With only one meeting on this prospective program held thus far, it is premature to set aside funds until a more concrete proposal that addresses stakeholder concerns has been developed. Additionally, the Company has concerns about establishing a new solar program before the resolution of the customer generation export credit proceeding, Docket No. 17-035-61.

Lend-A-Hand

As an alternative, the Company recommends the expired credits be provided to the Lend-A-Hand program. UCE argues that currently, the funds are not being used in a manner that is consistent with the intent of the legislature and stakeholders S.B. 110 was passed, which UCE claims was to "provide *additional* services or assistance to low-income customers." UCE also cites this is as a priority on its website, stating:[3]

> We recently learned that the value of expired net metering credits from 2017 came to about $159,839. Utah Clean Energy wants to see that money used more effectively. First and foremost, that money should increase funding for low-income programs, not just offset the cost. Also, this money should be leveraged to empower more Utahns with clean, energy efficient homes.

The Office also states that its understanding in the legislative process for S.B. 110 was that the excess credits would create incremental value to the low-income program.

The Company agrees that, because the HELP program currently has a surplus balance and the maximum credit of $12.60 has not been increased, the funds are benefiting all customers, not just low-income customers. However, using the funds to supplement the WAP would not achieve either of UCE's stated objectives and may not benefit *any* customers.

In light of the concerns that legislators and stakeholders who participated in the passage of S.B. 110 intended that the value from Schedule 135 credits would be used to provide incremental benefits to low-income customers, the Company suggests that the funds could be credited to the Lend-A-Hand program. Lend-A-Hand is a nonprofit program, administered by The Salvation Army, helping at-risk individuals and households. Lend-A-Hand provides energy assistance directly on the electric bills of customers in need to help ensure their service is not disconnected. The assistance payments average approximately $200. Many recipients are elderly, disabled, and families with small children. In calendar year 2017, 1,156 households (2,960 people) received assistance through the Lend-A-Hand program.

Unlike the HELP program, Lend-A-Hand is administered strictly through voluntary donations and depletes funding every year. The additional funds could make a difference by serving more households with needed energy assistance. The funds could have immediately and directly helped about 700 more low-income households in 2017. Additionally, the Lend-A-Hand program, like the low-income weatherization program, is established and effective. Finally, using Schedule 135 expired credits for Lend-A-Hand satisfies the intent of the stakeholders in the S.B. 110 as it provides incremental benefits to low income households.

[3] https://utahcleanenergy.org/issues/item/513-a-closer-look-at-expired-solar-export-credits

Summary

For the reasons set forth above, the Company respectfully requests that the Commission:

- Acknowledge the Company's Report with the enhancements recommended by parties and agreed to in these comments.
- Determine that the value of Schedule 136 credits be credited to the EBA.
- Deny UCE's proposal to divert the value of Schedules 135 and 136 credits to the WAP.
- Decline to rule at this time on UCE's proposal to possibly use part of the Schedules 135 and 136 credits to fund a low-income solar program until a program is proposed.
- Consider the Company's alternative proposal to use Schedule 135 credits to fund the Lend-A-Hand program to provide direct and incremental benefits to low-income customers.

Sincerely,

Joelle Steward
Vice President, Regulation

CC: Service List - Docket No. 18-035-28

Corrected Attachment A
to
Rocky Mountain Power’s
Customer Owned Generation and Net Metering Report

THIS ATTACHMENT IS VOLUMINOUS AND IS PROVIDED IN EXCEL FORMAT ONLY

CERTIFICATE OF SERVICE

Docket No. 18-035-28

I hereby certify that on August 16, 2018, a true and correct copy of the foregoing was served by electronic mail to the following:

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