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State of Utah

Department of Commerce Division of Public Utilities

FRANCINE GIANI CHRIS PARKER
Executive Director Director, Division of Public Utilities

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant

Date: April 29, 2019

Re: **Rocky Mountain Power's 2018 Annual Report of the Blue Sky Program** , Docket No. 19-035-14

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge with recommendation Rocky Mountain Power's (Company) 2018 Annual Report of the Blue Sky Program filed on March 29, 2019. The Division notes the omission in the report of the number of project applications received and the number rejected as directed in the Commission's order in Docket No. 00-035-T01 dated March 21, 2008. The Division recommends acknowledgement of the report on condition of compliance with this Commission requirement.

Issue

Pursuant to Commission Orders in Docket Nos. 00-035-T01 and 07-035-T13, on March 29, 2019, the Company filed with the Commission its Annual Report of the Blue Sky Program (2018 Annual Report) covering the Calendar Year 2018. On March 29, 2019, the Commission issued an Action Request to the Division requesting a review of the 2018 Annual Report and to make

any recommendations by April 29, 2019. Subsequently, the Commission issued a Notice of Filing and Comment Period giving interested parties until April 29, 2019 to provide comments, with reply comments due May 14, 2019. This memorandum represents the Division's response to the Commission's Action Request.

Background

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 2018 Annual Report of the Blue Sky Program in light of the Commission Orders and found that the report substantially meets the filing requirements with the exception of information on the number of project applications received, and of those received, the number of applications rejected.

Discussion

The Company provided a spreadsheet detailing the 2018 program results. In addition to the spreadsheet, the Company provided the following exhibits:

Exhibit A: Letter Report for Residential Customers

Exhibit B: Letter Report for Non-Residential Customers

Exhibit C: Certificate for Non-Residential Customers

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 Blue Sky Annual Report shows Total Company Block sales for 2018 at 3,401,975, of which 1,644,891 blocks were attributable to Utah. Block sales were slightly down from previous years due to participants moving from Blue Sky to competing Company tariffs. The Company intends to escalate outreach in 2019 and 2020 to increase participation rates.

The Company's REC purchase commitment for 2018 was 340,398. All RECs were invoiced within the 2018 approved purchase timeframe. REC purchases are certified annually by Green-e, usually by July or August each year for the prior year. The 2018 Green-e Audit was not complete at the time of the Company's filing but REC invoice details were submitted to Green-e.

The 2018 Annual Report shows the January 2018 Utah program liability account balance of \$8.5 million. This balance includes \$3.3 million retained for Blue Sky Solar projects that the Company indicates are either under contract or cancelled, \$1.9 million retained for the legislatively approved STEP solar/battery project, and in-process project commitments initiated in 2018. The Company has indicated that one solar build project valued at \$1.2 million was cancelled and the funds are being returned to the general fund. A replacement solar build project in Moab is in the study stage. The second solar build project is under contract and is expected to be completed by December 2019. The STEP solar/battery project is in progress. Qualifying renewable projects awarded in 2018 totaled \$1,286,970.

On a Utah basis, \$2.7 million in revenue was received over the reporting period. Utah allocated Program operating expenses for the 2018 period were \$403,134, up slightly from 2017 operating expenses.

Company analysis of the 4th quarter of 2017 Blue Sky Customer Survey resulted in a program strategy and outreach campaign created to increase engagement with business customers and improve customer communication.

Conclusion

After reviewing the information contained in the 2018 Annual Report, the Division concludes that the report substantially complies with Commission Orders and adheres to the Commission's

reporting requirements. The Division recommends the Company provide the number of project applications received and rejected prior to the Commission acknowledging the Company's 2018 Blue Sky Annual Report.

Cc: Michael Snow, Rocky Mountain Power.
Michele Beck, Office of Consumer Services
Service List