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Comments

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant

Date: November 5, 2019

Re: Approval with Recommendations, Tariff Sheet Changes, Docket No. 19-035-T14 – Rocky Mountain Power’s Proposed Tariff Revisions to Electric Service Regulation No. 4, Supply and Use of Service.

Recommendation (Approval with Recommendations)

The Division of Public Utilities (“Division”) recommends the Public Service Commission (“Commission”) approve Rocky Mountain Power’s (“RMP”) proposed revisions to Electric Service Regulation No. 4, effective January 1, 2020. The Division recommends that RMP add language to Section 1(c)(2) that references the applicable schedule for billing. The Division recommends that RMP develop an audit plan for Small Usage Device customers.

Issue

On September 25, 2019, RMP filed with the Commission its proposed revisions to Electric Service Regulation No. 4, Supply and Use of Service, to include a new option for customers to receive non-metered service for small usage devices under certain circumstances. RMP requested an effective date of January 1, 2020. On September 25, 2019, the Commission issued an action request to the Division requesting it to review RMP’s filing and make recommendations. The Commission asked the Division to report back by October 10, 2019. On

September 26, 2019, the Commission issued its Notice of Filing and Comment Period allowing any interested party to submit comments on or before October 10, 2019 and reply comments on or before October 17, 2019. On October 10, 2019, the Division filed its Comments recommending the Commission not approve RMP's tariff revisions and suspend the tariff until it could meet with RMP to discuss the billing process. On October 17, 2019, RMP filed reply comments with the Commission requesting that it suspend the tariff and establish an additional comment period to give the Division an opportunity to revise its recommendation after RMP and the Division could meet to discuss the billing process. This memorandum represents the Division's additional comments.

Background

RMP's proposed change to Electric Service Regulation No. 4 adds a new option for customers deploying small usage devices as a non-metered service under certain circumstances. The Division understands and supports the need to revise Regulation No. 4. However, RMP's original filing did not explain the billing process for the non-metered service and rationale for backbilling.

Discussion

RMP proposes multiplying the total monthly capacity kilowatt ("kW") stated on the customer's application for each device by 730 hours to arrive at the kilowatt hour ("kWh") usage per month. However, RMP did not propose a rate structure or a current rate schedule to use to determine a customer's monthly bill. Currently there is not an electric service schedule that covers a non-metered flat rate for small usage devices. The Division understands from its discussion with RMP personnel on October 28, 2019, that it intends to use Electric Service Schedule No. 23 rates to determine small usage device customer bills until it can create a rate structure for such customers. The Division concludes that small usage devices (as defined by the proposed changes) would qualify for service under Schedule No. 23.

During its discussion with the Division on October 28, 2019, RMP provided a sample bill for a customer using 100 kWh of energy in a given month under Schedule No. 23. The Small Usage Device customer bill includes an energy charge based on the current Schedule No. 23

energy charge, Tax Act Adjustment, Efficiency and STEP Program Adjustment, Home Electric Lifeline Program Adjustment, and Customer Service Charge. Due to the low power consumption of the small usage devices, RMP does not expect any power charges on Small Usage Device customer bills but would add the charge as needed.

RMP responded to the Division's main concern about how the Customer Charge with numerous points of delivery is determined under one account. RMP explains that the customer charge applies to each point of delivery. Although RMP anticipates the costs to be minimal for the addition of Small Usage Device customers, the process requires additional effort by RMP personnel. RMP explained that costs associated with the billing process are not extensive but costs associated with connecting each device to the distribution network remain. Therefore, RMP believes it is reasonable to apply the customer charge for each point of delivery. RMP also informed the Division that several carriers have approached it for the service and support the billing process. The Division concludes RMP's billing process under Schedule No. 23 is reasonable and in the public interest.

The Division has concerns regarding the treatment of backbilling. RMP's response to DPU Data Request 1.3 explains that under the customer's electric service contract, RMP shall have the right to test the capacity requirements of small usage devices from time-to-time. If RMP determines that the capacity was under-reported or changed in any way from the initial application, it may backbill the customer for the incremental usage back to the date that service was first furnished.¹ The Division asked RMP to explain why backbilling, as stated here, differs from the timing of backbilling in Electric Service Regulation No. 8, Billings. RMP provided the following response to the Division's request:

DPU Data Request 1.3

In reference to Electric Service Schedule No. 4, Sheet No. 4R.2, Second Revision, Red-Line, Section 1(c)(2), paragraph 3, explain how the backbilling correlates to Electric Service Regulation No. 8, Billings?

¹ Id., Second Revision of Sheet No. 4R.2, Section 1(c), ¶ 3.

Response to DPU Data Request 1.3

Electric Service Regulation No. 4, Sheet No. 4R.2, Second Revision, Red-Line, Section 1(c)(2), is for a new class of unmetered service. The existing class is for fixed loads where Rocky Mountain Power knows the usage of the load based on the size and type of light, and whether it is photo cell controlled. For this new class of small usage devices, the load size is as reported by the customer to Rocky Mountain Power. If the capacity was reported incorrectly or not reported, whether intentionally – which would be fraud under Electric Service Regulation No. 8. Billings, Section 8. Billing Adjustments (c) Limitations on Rendering a Backbill & (d)(2) Limitations of the Period for Backbilling – or unintentionally, the result is the same. The new language of 1(c)(2) in Regulation No. 4 allows Rocky Mountain Power to back bill for the entire time of use, when capacity is misreported, whether with or without fraudulent intent.

For metered service fraudulent intent is proven by physical alteration of the meter, meter base or service conductor causing the meter to under-record usage. Detection of the diversion or physical alteration is the proof of fraud. For unmetered service no physical alteration is needed, thus fraudulent intent is difficult or impossible to prove. Since the result is the same regardless of the intent, the right to back bill should be the same regardless of the intent, since the intent can only be assumed.

In summary, Electric Service Regulation No. 4, Section 1(c)(2) provides the same back billing provisions as the most comparable provisions of Electric Service Regulation No. 8, Sections 8(c) and 8(d), without requiring the Company to prove intent.

The Division understands that since this service is unmetered, backbilling may not necessarily align with or be subject to the time constraints for rendering a backbill under Electric Service Regulation No. 8, unless RMP can prove fraudulent activity. RMP assures the Division that it has plans underway to audit Small Usage Device customers from time-to-time in an effort to ensure the actual usage matches that of the original customer application. The Division recommends that RMP provide an audit plan similar to its current meter auditing program to the Commission for review. With a reasonable plan that identifies potential problems in a timely manner and avoids onerous backbills,² the Division concludes that RMP's proposal to backbill to the time of initial service is reasonable and in the public interest.

² The Division suggests that the plan include a provision that restricts backbilling either to the installation date or most recent audit.

The Division recommends the Commission direct RMP to add language to Electric Service Regulation No. 4, Supply and Use of Service, Section No. 1(c)(2), Small Device Usage, which references monthly billing to an applicable schedule, (i.e., *the average monthly use shall be billed in accordance with the applicable schedule*).

In review of RMP's advice letter for this matter, the Division reviewed Utah Administrative Code Rule 746- 405-2 (D) (3) (g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule. However, the rule also states that the filing of proposed tariff sheets shall of itself constitute the representation of the filing utility that it, in good faith, believes the proposed sheets or revised sheets to be consistent with applicable statutes, rules and orders. The filing does not appear to violate statute or rule.

Conclusion

The Division has reviewed RMP's application and proposed changes to Electric Service Regulation No. 4, effective January 1, 2020. RMP met with the Division on October 28, 2019, to explain the billing process for Small Usage Device customers. The Division concludes the billing process under Schedule No. 23, including the treatment of the customer service charge, is reasonable. The addition of Small Usage Device customers to Regulation No. 4 is potentially necessary to accommodate changing or emerging technologies and, thus, the Division concludes the change is in the public interest and recommends the Commission approve RMP's proposed changes with the following recommendations:

- 1) Add language to Electric Service Regulation No. 4, Supply and Use of Service, Section No. 1(c)(2), Small Device Usage, which references monthly billing to an applicable schedule similar to the language under Section 1(c) for Fixed Loads as stated herein.
- 2) File an audit plan with the Commission that mitigates onerous backbills to Small Usage Device customers when backbilling is necessary.

Cc: Joelle Steward, RMP
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