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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Services
Michele Beck
Cheryl Murray

Date: July 6, 2009

Re: Rocky Mountain Power's Annual Report of the Blue Sky Program for the Period January 1, 2008 through December 31, 2008. Docket No. 00-035-T01.

Issue

In its March 21, 2008 order the Public Service Commission (Commission) concluded that Rocky Mountain Power's (Company) Annual Report of the Blue Sky Program was in need of adjustment and determined that the content and format of the Company's modified Report was an adequate starting point for future Reports. The Commission further concurred with the Division of Public Utilities' (Division) recommendation that future reports 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 of 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

Additionally, the Commission ordered the Company to include any communications it provided to customers about the Blue Sky Program during the reported year.

June 8, 2016

The Office of Consumer Services (Office) has reviewed Rocky Mountain Power's 2008 Annual Report of the Blue Sky Program and concludes that in general it complies with the Commission's Order of March 21, 2008. The Office notes, however, that the Report omits recommendation 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. The Office recommends that the Commission order the Company to provide this explanation as a compliance filing to this annual report as well as to include it in future Reports.

The Office has not undertaken an audit of the Blue Sky Program to determine the accuracy of the accounting or appropriateness of the expenditures. However, we have read the Division's Audit Report of The Renewable Energy Rider "Blue Sky" program of Rocky Mountain Power. The Division recommends that the Company keep accurate records of all allocation percentages and how the percentages were computed to assign costs of the Program among the states. The Division also notes some difficulty in obtaining an adequate sample of expense invoices for review and recommends the Company be more forthcoming in providing invoices.¹ The Office supports these recommendations as necessary elements for a reasonable audit of a regulated Program. We may have additional comments after we have an opportunity to more fully review the audit report.

Recommendation

The Office makes the following recommendations:

- 1) that the Commission order that the Company comply with the Commission's March 21, 2008 order and provide 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;
- 2) that the Commission require the Company to keep accurate records of how cost allocation percentages were computed and assigned among the states; and
- 3) for auditing purposes the Company be required to provide adequate samples of expense invoices related to the Blue Sky Program.

¹ At page 2 of its memo the Division notes that the sample utilized for testing purposes was a judgmental rather than statistical sample.