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DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services
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The Division of Public Utilities
Philip Powlick, Director
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Date: August 25, 2009

Subject: Office of Consumer Services' Comments on Rocky Mountain Power's Proposed Flexible Tariff Format for Schedule 111 Home Energy Savings Program, Advice No. 09-13, Docket No. 09-035-T13

Background

On August 3, 2009 Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) a request to implement a flexible tariff format for Schedule 111 the Home Energy Savings Program (HES Program or Program). On August 4 the Commission issued an Action Request to the Division of Public Utilities (Division) with a response due by August 25, and an effective date of September 1, 2009. The Office of Consumer Services' (Office) provides its response and recommendations to the Company's filing.

Discussion

Rocky Mountain Power explains that the flexible tariff format for the Home Energy Saving Program will enable the Company to react quickly to changes in market conditions which impact the HES Program. Recent experience with the surge in participation in the attic insulation portion of the HES Program is a prime example of changing market conditions where a timely response can be beneficial.

If the flexible tariff format is approved, HES Program incentives would be removed from the tariff and made available on the Program website accessible through the Company's website.

The Company's filing includes a flowchart (Attachment 1), which outlines the process to be followed in the case of changes to the measures offered, qualifying equipment and incentive levels. No changes to the HES Program, other than the flexible tariff format, are proposed at this time.

This flexible tariff format is currently utilized for the HES Program in several other states where the Company offers the HES Program.

Office of Consumer Services' Concerns

The Company had previously proposed a flexible tariff for Schedule 111 which the Office opposed. At that time we were concerned that customers and vendors would not receive sufficient notice of changes and regulators and other parties would not have an opportunity to provide comments or recommendations regarding modifications. However, through the flowchart (Attachment 1) the Company has clarified how HES Program changes would be conducted, alleviating our original concerns with the flexible tariff format concept. The flowchart includes some specific changes that the Office requested and that the Company stated were consistent with the manner in which they intended to operate the program. The Office notes that the process design includes adequate notice to consumers by placing on the website (and giving the same information to customer service agents) any pending request for changes, such as lower rebate levels. This notice exceeds the thirty day minimum for which the Office has recently advocated. The Office notes that the regulatory parties will have ample involvement in the process. First, potential changes will be brought to the DSM Advisory Group in which Commission Staff, the Division and the Office participate. Also, once the change is vetted through the DSM Advisory Group, the Company will file a notice with the Commission. This will trigger a process that will easily allow for intervention and objection if any party does not agree with the proposed changes. The Commission itself can set a different process such as requesting comments and even setting a hearing if it has concerns with any proposed changes. In addition to establishing these safeguards for providing notice and ability for parties to intervene, this tariff filing also establishes the underlying process by which changes can be made quickly in the event that circumstances warrant and there are no objections among interested parties.

Additionally, the pending Stipulation in Docket No. 09-035-T08 -- Demand Side Management Cost Adjustment -- requires that twelve months following the effective date of the revised Schedule 111, the Company will review the flexible format with the DSM Advisory Group. At that point parties may recommend continuation, modification or elimination of the flexible format. The Office will closely monitor the practical implementation of this tariff and recommend any modifications at the time of the one-year review.

Recommendation

The Office believes that the flexible tariff format will allow the Company to react more quickly if faced with future unexpected changes in customer or market response to various aspects of the HES Program. The Office recommends the Commission approve the flexible tariff format for the HES Program.