



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission of Utah

From: The Office of Consumer Services
Michele Beck, Director
Danny A.C. Martinez, Utility Analyst
Cheryl Murray, Utility Analyst

Copies To: Rocky Mountain Power
Jeffrey Larsen, Vice President, Regulation
Aaron Lively, Regulatory Manager

The Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager

Date: March 10, 2011

Subject: Docket No. 11-035-T02, Schedule 107 – Solar Incentive Program

Background

On February 24, 2011, Rocky Mountain Power (the “Company”) filed Advice No. 11-02 in compliance with the Public Service Commission (the “Commission”) Order in Docket 07-035-T14 reducing the Solar Incentive Program (the “Program”) incentive payment from \$2.00 per watt to \$1.55 per watt. Tariff sheet 107.2 was attached reflecting this change.

Further, the Company proposed to extend the last annual Program deadline from December 31, 2011 to June 30, 2012, as indicated in revised tariff sheet 107.3.

Discussion

On February 10, 2011 the Commission issued its “Order on the Three-Year Solar Assessment” (the “Order”). Item 3 within the Order directs the Company to reduce the incentive amount from \$2.00 to \$1.55 per watt. The Company complies with this requirement as reflected in its change to tariff sheet 107.2. The Office acknowledges this change.

In discussions with the Office the Company indicated that solar projects may take 2 – 4 months to complete (application to installation). Approved projects will be required to meet certain milestones or they will be removed from the Program and the funding will be assigned to an alternate project. Extending the Program six months will provide a better

opportunity for the Company to meet Program capacity objectives. The time extension does not require additional funding beyond what has been approved.

The Office has some concern with the last paragraph on tariff sheet 107.3 which reads, "Unless otherwise extended by the Company after approval by the Utah Public Service Commission, this program is of limited duration and funding and all equipment must be installed *and receive incentives* by the annual deadline." (Italics added.) Based on this statement, if an approved project is completed by the annual deadline but the incentive payment has not been received (or at least issued) , incentives could be denied to projects as the Program concludes. If the project is approved and completed within the Program framework, then incentives should not be denied. In discussions with the Company, the Office recommended that this language be revised to better capture the intent of the Program. The results of those discussions led to the development of new tariff language cited in recommendation #2 below.

Recommendations

1. The Office recommends that the Commission approve the request to extend the annual deadline to June 30, 2012.
2. The last paragraph of tariff sheet 107.3 should be revised to read:
Unless otherwise extended by the Company after approval by the Utah Public Service Commission, this program is of limited duration and funding. All equipment must be installed by the annual deadline to be eligible to receive a program incentive. The last annual deadline will be no later than June 30, 2012.