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Governor

GREG BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

From: Office of Consumer Services
Michele Beck
Cheryl Murray

Date: July 26, 2013

Copies To: Rocky Mountain Power
Robert Lively
Daniel Solander
Division of Public Utilities
Chris Parker
Artie Powell

Subject: In the Matter of the Application of Rocky Mountain Power for Approval of its Asset Transfer Agreement with the City of Blanding, Utah. OCS Comments Related to the Filing of Request for Review or Rehearing. Docket No. 13-035-58

Background

On April 19, 2013, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) for approval of its agreement (Agreement) with the City of Blanding, Utah (Blanding) whereby the Company agrees to transfer to Blanding certain distribution assets and 35 customers as described in the Agreement.¹ The affected customers live outside the municipal boundaries of Blanding City and are mostly residential customers although some are commercial customers.

On May 20, 2013, the Division of Public Utilities (Division), responding to the Commission's action request in the matter, recommended that the Commission approve the Transfer Agreement as being in the public interest.

The Division stated that it appears "that the Company and its continuing customers will be better off with the negotiated agreements with Blanding". Further, the majority of transferring customers will likely be better off under Blanding's tariff structure than under the Company's.

The Division also stated "that the Company should have done more to inform its customers of the potential impacts to those customers of its proposed transfer. In this regard, the Division

¹ The Agreement was provided as Exhibit A to the Application.

recommended that the Commission order that in similar future cases the Company, at a minimum, provide transferring customers with a notice of that customer's annual usage and other information that would facilitate the customer being able to understand the effect of moving to tariffs with a new electricity provider"

On June 12, 2013, the Commission issued an order approving asset transfer agreement.

Issue

On July 12, 2013 the Commission received via email from Hal W. Palmer and Kammy L. Palmer an "official complaint against the transfer of electric service from Rocky Mountain Power to Blanding City. The complainants raise two issues:

- 1) "We feel like that this proposed action to transfer electric service was thrust upon us with the bare minimum of contact with customers and without consideration of customer concern"
- 2) "This transfer will have an effect on our power bill."

On July 16, 2013, Mr Thomas Bradford sent an email to the Commission stating: "I hereby file an official complaint to the way this matter was done/handled by both the city of Blanding and Rocky [sic] Mountain Power".

On July 17, 2013, the Commission issued a Notice of Filing of Request for Review or Rehearing and Comment Period. The Commission considered the Palmer's correspondence as a timely request for review or rehearing and requested that any interested party submit comments regarding the Palmer's request on or before Friday, July 26, 2013. Specifically, the Commission requests comments regarding the sufficiency of notice provided to RMP customers regarding the proposed Agreement and its potential effect.

Office of Consumer Services' (Office) Response

In response to the Commission's Notice of Request for Review or Rehearing and Comment Period, the Office reviewed all of the comments submitted in the docket and the Policy Document to which they refer. The Office offers the following comments in response to the Commission's request regarding the sufficiency of notice provided by Rocky Mountain Power to affected customers.

In his correspondence dated July 22, 2013, affected customer Thomas Bradford references the City of Blanding's electric terms of service (Policy Document².) Mr. Thomas expresses concern that the Policy Document includes a statement that "[a] customer outside of city limits must sign a restrictive covenant agreement giving the City rights with regard to annexation prior to City council approval or any construction being completed."

Based on its review of the Policy Document, the Office has the following concerns:

² This document is attached for the Commission's convenience and can be found at: http://www.blanding-ut.gov/downloads/services/electricity_policy_procedures.pdf

- The Policy Document has not been revised in over 15 years. Some of the references are out of date.
- This Agreement creates a new category of customers: customers outside of the city limits that are existing customers with current electric service rather than new customers requesting new service. The Policy Document only addresses customers inside the city limits or construction for new customers outside the city limits. Thus, existing customers affected by the asset transfer have not been provided the actual terms of service under which they would be served.
- The Policy Document appears to not fully comply with the statutes.

The Office provides the following specific examples of its concerns:

- The current construction policies (see Policy Document, pages 3 – 5) reference obtaining estimates from UP& L. Setting aside the dated reference to a former Company name, it isn't clear that this policy would still be in place after the transfer of facilities.
- It isn't clear whether customers outside of the city limits transferred to the City of Blanding by the Agreement would be subject to the terms embedded in the Construction policies (including the requirement to sign a restrictive covenant referenced above.) The policies and procedures should be clear about the requirements for this new category of customers. If transferred customers are required to give the City annexation rights, the Commission should give careful consideration as whether such a requirement would be in the public interest.
- The Procedures and Information Sheet (see Policy Document, pages 10 – 11) indicates that one step in the process of obtaining electric service is to "Pay all City fees." It isn't clear whether such policy would apply to customers outside of the city limits.
- The Policy Document does not include a provision for complaint resolution for customers outside city limits, as required by Utah Statutes Section 10-8-14 (7)(a).

The Office asserts that customers should be given adequate notice and the opportunity to provide input prior to a decision affecting their future electric service. In order to provide such input, affected customers must have access to information regarding rates and current terms of service, including how potential futures complaints will be processed and resolved.

Ultimately decisions must be made based on the best interest of the majority of customers. However, without providing an opportunity for input from affected customers, important relevant information may be missed and customers may feel disenfranchised from the process.

Recommendation

The Office recommends that the Commission take the following actions within this docket:

1. Require the Company work with the City of Blanding to provide affected customers with access to both the rates and terms of service – including the complaint resolution process – under which those customers will be served if the Agreement is approved. Such information should also be filed with the Commission, Division and Office.

2. Re-open the docket to take public comment from affected customers. Inform affected customers that the Commission has initiated this process.
3. Delay its final order until after such comment is received and reviewed.

The Office further recommends that the Commission consider providing guidance for future such filings. The Office offers the following suggestions for use in future filings of this nature:

1. The Company should ensure that affected customers are provided with adequate notice, both in form and timing. Notice to affected customers should include the following:
 - a. The rates and terms of service that would apply to the affected customers.
 - b. The complaint resolution process that would apply to the affected customers.
 - c. Basic instructions on how to conduct a rate comparison.
 - d. Detailed instructions on how to raise concerns at the Commission.
2. The Commission should consider developing a template for use in future cases of this nature. The Office offers its assistance if the Commission decides to pursue this option.

