



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HEBERT
Governor

SPENCER J. COX
Lieutenant Governor

ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: December 9, 2014

Re: In the Matter of the Rocky Mountain Power Compliance Filing of the Blue Sky Promotional Program Pursuant to R746-404.

Docket No. 14-035-146

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) conditionally approve the Schedule 70 tariff language change with the following recommendations:

1. Tariff effective date of December 19, 2014.
2. Include with the Blue Sky Annual Report the Utah-Blue Sky Promotional Concession Report.
3. Blue Sky partnerships be limited to local nonprofit organizations.

ISSUE

On November 19, 2014, Rocky Mountain Power (Company) submitted a compliance filing requesting updated Blue Sky promotional program tariff language to Schedule 70 with a retroactive effective date of September 4, 2012. The Company is also requesting to indefinitely

extend the Blue Sky promotional program. On November 19, 2014, the Commission issued an Action Request for the Division to review and make recommendations to the application by December 19, 2014. On November 21, 2014 the Commission issued a Notice of Filing and Comment Period with initial comments due December 9, 2014 and reply comments due December 15, 2014. This memorandum represents the Division's response to the Commission's Action Request and the Notice of Filing and Comment Period.

DISCUSSION

On September 4, 2012 in Docket No. 12-035-91, the Commission approved Special Condition 6, a promotional concessions campaign, to Schedule 70 Renewable Energy Rider. As approved by the Commission, the promotional concessions consist of thank you gifts ("promotional gifts"), valued at \$25 or less offered to customers who enroll in the program. The total cost for the promotional gifts would not exceed \$10,000 annually through the end of calendar year 2014 to align with existing contracts with marketing/outreach vendors. Examples of promotional items include Blue Sky branded merchandise such as water bottles, travel mugs, re-usable shopping bags and gift certificates to businesses participating in the Company's Blue Sky program.

Subsequent to the Commission's approval, the Company failed to file an update to the tariff in Docket No. 12-035-91 and now requests a retroactive effective date of September 4, 2012. The promotional program has been in place since the Commission's approval on September 4, 2012 and the Division believes a retroactive effective date is unnecessary, however, the Division does not oppose a retroactive effective date.

In October 2010, the Company implemented a promotional Blue Sky concession campaign¹ using bill inserts. Approximately 1,000 Utah customers participated in a survey about the Blue Sky Program and were entered into a drawing to be eligible to win one of ten \$100 gift cards. On March 31, 2011, the Company provided a report, per Commission Order, detailing the results of the promotional campaign. The report showed the cost of the promotional program was less

¹ In the Matter of Rocky Mountain Power's proposal to add language to Schedule 70 ("Blue Sky Block program") which will enable the Company to encourage eligible Utah customers to participate in the Blue Sky Block program through promotional concession campaigns, Docket No. 10-035-T10.

per “new enrollment linked to the campaign” than all bangtail direct mailing campaigns implemented in 2010. In Docket No. 12-035-91 the Commission approved the Division’s recommendation for the Company to provide a similar summary report of the cost-per participant in the proposed 2013 and 2014 promotional program. Despite the Commission requirement, the Division was unable to locate the summary report for 2013. In DPU DR 1.1 the Company supplied the Division with the Blue Sky Promotional Concession Report for 2013. The total costs of promotional concessions used in Utah for 2013 was \$2,816.99. Blue Sky branded water bottles were given to 631 new Blue Sky enrollees at a total cost of \$2,706.99. In 2013 Blue Sky partnered with Recycle Utah, a nonprofit organization, who promoted the Blue Sky program to their membership base and with each new Blue Sky enrollment a \$10 donation was provided to the nonprofit organization. The Recycle Utah total expense was \$110. The Division believes it is important to continue to receive an analysis of the promotional program and recommends the Company provide an annual summary report on the cost-per participant of the Blue Sky promotional program. The Division recommends this report be included with the Blue Sky Annual Report provide in March of each year.

As part of the promotion concession program, the Company may partner with nonprofit organizations that support renewable energy in order to promote Blue Sky participation. When a partner nonprofit’s constituent enrolls in the Blue Sky program a de minimis donation is provided to the nonprofit partner. The Company’s filing promotes partnering with regional nonprofit organizations. Since the Utah Blue Sky program is funded by Utah Rocky Mountain Power customers the Division recommends the Company partner with local nonprofit organizations where the donation would benefit the local Utah community. Partnering with regional nonprofit organizations does not provide the Division with confidence that the Blue Sky donation benefits the local community.

In Docket No. 12-035-91, the Company placed a cap on expenses for the promotional campaign at \$10,000 annually. The Division understood the promotional campaign request would continue through December 2014 as noted in the Company’s August 7, 2012 filing.

The total costs for the promotional gifts would not exceed \$10,000 annually through the end of calendar year 2014 to align with our existing contracts with marketing/outreach vendors.

The Company is currently requesting to continue the promotional program indefinitely. The Division is not opposed to the continuing the promotional program indefinitely as long as it is shown by the Company in its annual report to be cost effective.

CONCLUSION

The Division has reviewed the filing and recommends that the Commission conditionally approve the tariff language change as previously approved in Docket No. 12-035-91 with the following changes to the promotional concession program filing:

1. Tariff effective date of December 19, 2014.
2. Include with the Blue Sky Annual Report the Utah-Blue Sky Promotional Concession Report.
3. Blue Sky partnerships be limited to local nonprofit organizations.

CC Dave Taylor, Rocky Mountain Power
Paul H. Clements, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List