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August 25, 2023

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: Docket No. 16-035-27
Application for Approval of a Renewable Energy Services Contract between Rocky Mountain Power and Facebook, Inc. Pursuant to Tariff Electric Service Schedule 34
Reply Comments on Rocky Mountain Power's First Compliance Filing

On June 30, 2023, Rocky Mountain Power (the "Company") filed its first compliance report ("Report") for the Renewable Energy Services Contract ("RESC") between Rocky Mountain Power and Meta Platforms, Inc.¹ in compliance with the Public Service Commission of Utah ("Commission") August 29, 2016, Order Memorializing Bench Ruling Approving Renewable Energy Service Contract with Facebook, Inc. In accordance with the Notice of Filing and Comment Period issued by the Commission on July 11, 2023, Rocky Mountain Power submits its reply comments in response to the comments filed by the Division of Public Utilities ("Division") and the Office of Consumer Services ("Office"). Overall, the Division and the Office states the Report meets the reporting requirements but raises concerns of cost shifting and requests further explanation assuring customer sustainability goals are not subsidized by non-participating customers. The Company submits these reply comments in response to the comments and requests.

Division Comments

The Division stated that the documentation provided by the Company was helpful but noted "disparities in cost calculations which raised questions about whether some RMP customers are subsidizing costs for the RESC."² In its comments, the Division did not specify where the disparities in cost calculations was located in the Report, but based on informal discussions with the Division the Company believes the Division's concerns are similar to those detailed by the Office. The Division concludes by requesting the Company provide assurance that no subsidization has occurred.

Office Comments

The Office expresses similar concerns of cost shifting to other customers, specifically highlighting reporting requirement 6, [REDACTED]

¹ Meta Platforms, Inc. was formerly Facebook, Inc.

² DPU comments, p. 2.

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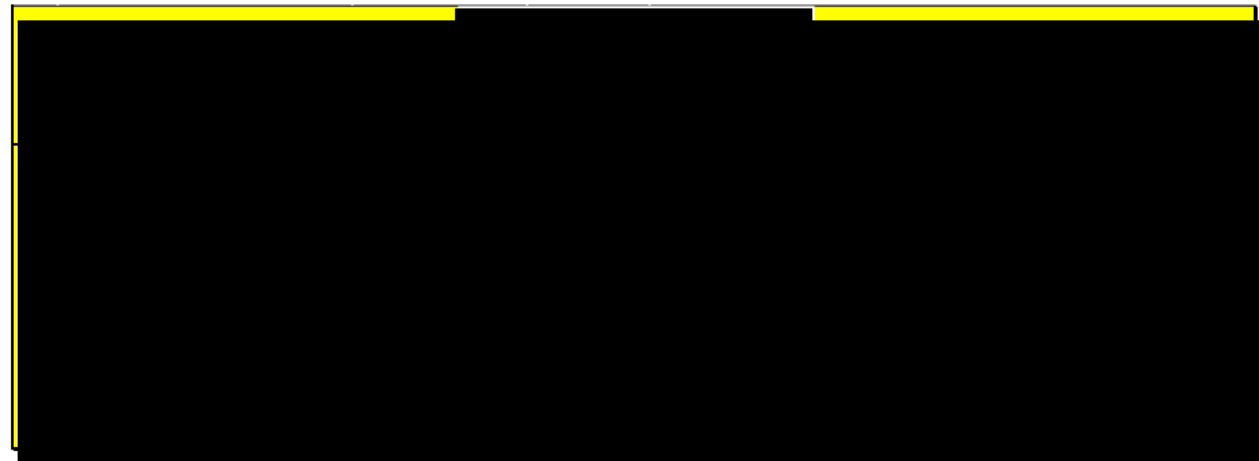
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[REDACTED], as an example where the RESC design appears to have fallen short of protecting other customers from cost shifting. The Office concludes that if the Company is unable to show that cost shifting has not occurred, it could “call into question whether these Schedule 34 contracts are in the public interest and it may jeopardize the existence of any future Schedule 34 contracts.”³

Rocky Mountain Power’s Response to the Division and Office

The RESC was the first contract executed under Electric Service Schedule No. 34 (“Schedule 34”). At the time of approval of the RESC and Schedule 34, one of the Company’s overarching objectives was “mitigating the impacts to other customers.”⁴ In response to the Division and Office concerns of cost shifting during the review of the RESC, the Company, Division and Office agreed that the Company would provide information necessary to demonstrate that the revenues under the RESC reasonably covers the costs. The Office stated that the information would be “valuable in assessing the reasonableness of future contracts the Company may enter into under Schedule 34.”⁵

In response to the Division and Office requests that the Company provide additional information as evidence that cost shifting has not occurred, the Company offers the following assessment of the performance of the contract. Confidential Table 1 analyzes the information provided in the Report to evaluate if the revenues from the RESC are sufficiently covering the associated costs.



Although the information in reporting requirement 6 [REDACTED], Table 1 above provides an alternate view of how the revenues under the contract covered the costs of the contract. The assessment demonstrates that the revenues under the RESC adequately covered its costs.

When the Commission approved the contract as just, reasonable, and in the public interest, the Commission also acknowledged the protections afforded to non-participating customers through

³ Office comments, p.3.

⁴ Docket No. 16-035-27 *In the Matter of the Application of Rocky Mountain Power for Approval of a Renewable Energy Services Contract between Rocky Mountain Power and Facebook, Inc. Pursuant to Tariff Electric Service Schedule 34*, Direct Testimony of Gary W. Hoogeveen, June 21, 2016, line 37.

⁵ Direct Testimony of Cheryl Murray for the Office of Consumer Services, lines 112-113.

the true-up mechanism and credit protections. Furthermore, the Commission acknowledged the potential net benefit to non-participating customers due to the fixed costs in exchange for low level of load on the system.

The Company has diligently managed the RESC to the benefit of its Utah customers and proactively amended the contract March 28, 2022, which was approved in Docket No. 22-035-30. With the RESC Amendment, the parties made the following improvements:

- a. Added a limitation to the capacity contribution that will be allocated to resources procured in the future on the customer's behalf
- b. Included a calculation for transmission line losses in the measurement of the estimated renewable supply for future resources
- c. Redefined the Administrative Fees
- d. Redefined the Use of System Facilities Charge
- e. Added a new System Facilities Capital Charge
- f. Added a new Additional Capacity Charge

As detailed in the approval proceeding, many of these changes are applicable to future load growth and renewable resources. As a result, the improvements included in the amendment are not reflected in the period covered in the Report. Nonetheless, these changes are anticipated to further enhance the benefits of the RESC.

Conclusion

For the reasons presented above, the Company believes that the RESC provides benefits to Utah customers and contains protections from cost-shifting. The Company requests that the Commission acknowledge the Report as meeting the relevant reporting requirements.

Sincerely,



Joelle Steward

Senior Vice President, Regulation and Customer/Community Solutions

CERTIFICATE OF SERVICE

Docket No. 16-035-27

I hereby certify that on August 25, 2023, a true and correct copy of the foregoing was served by electronic mail to the following:

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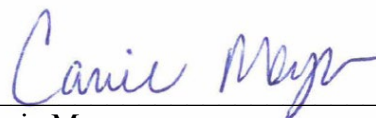
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