

May 31, 2019

VIA ELECTRONIC FILING

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

Attention: Gary Widerburg
Commission Secretary

RE: Docket No. 16-035-36

In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act
Reply Comments

On March 22, 2019, the Public Service Commission of Utah (“Commission”) issued a Scheduling Order, Notice of Technical Conference, and Notice of Hearing (“Notice”) regarding Rocky Mountain Power’s (“Company”) Application to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act (“STEP”), filed on March 8, 2019 (“Application”). On May 14, 2019, the Division of Public Utilities (“Division”), the Office of Consumer Services (“Office”), Utah Clean Energy (“UCE”) and Western Resource Advocates (“WRA”) each filed comments on the proposed Power Balance and Demand Response to Optimize Charging at Intermodal Hub Project (the “Intermodal Hub Project”), the Wasatch Development Partnership Project for Demand Response (the “Battery Demand Response Project”), and the Advanced Resiliency Management System Project (the “ARMS Project”). The Division, the Office, UCE, and WRA will sometimes be referred to individually as a “Party” and, collectively, as “Parties.” Consistent with the Notice, the Company responds to the Parties in its reply comments below.

Summary

Rocky Mountain Power appreciates the time and effort the Parties have spent evaluating the Company’s Application. All Parties support the approval of the Intermodal Hub Project and the Battery Demand Response Project with various conditions. The Division, Office, and WRA support the approval of the ARMS Project. Although UCE states it supports the ARMS Project in general, it does not support the use of STEP funds and instead proposes the project be funded through base rates. The Company continues to believe that each of these projects meet the goals of the STEP program, and are in the interest of its customers, as more fully explained below.

Intermodal Hub Project

The Division recommends the Commission approve the Intermodal Hub Project. The Division concludes the project is calculated to provide valuable data and learning opportunities to all stakeholders as electric vehicle (“EV”) charging infrastructure is developed to meet growing EV transportation needs. The Division recommends the Commission direct the Company to provide quarterly updates on the Intermodal Hub Project throughout the remainder of the STEP program, including all accounting associated with the project.

The Office supports approval of the project, and recommends the Commission require the Company to provide a cost benefit analysis at the conclusion of the Intermodal Hub Project. The Office also recommends the Commission require the Company to report on any elements of the Intermodal Hub Project that are not resolved within the “appropriate timeframes” specified.

WRA supports approval of the Intermodal Hub Project, but recommends additional reporting requirements, including information about how the planning and operation tools will be used to demonstrate the cost-effectiveness of replicating the project at other sites; information about and plans for applying project results to other sites, including cost effectiveness evaluations; information on whether and how the project is informing plans for electric vehicle charging infrastructure and distribution planning; reports about the hardware, software, and power control technologies the Company is employing to control and schedule vehicle charging; and documentation of the benefits gained from this project.

UCE supports approval of the Intermodal Hub Project, and states that these projects will help to accelerate the integration of additional clean energy technologies, including solar, battery storage, electric vehicles, and grid-scale renewable resources into the grid and are aligned with the goals of the STEP program. UCE recommends the Company hold stakeholder workshops throughout the project to keep stakeholders informed of the benefits and capabilities of the Company’s Intermodal Hub Project. It suggests these workshops follow the conclusion of the four tasks identified in the Company’s application.

The Company agrees with the recommendations from the Office and Division regarding providing quarterly updates, a report on risk mitigation issues, and a cost-benefit analysis at the conclusion of the Intermodal Hub Project. The Company also believes that the quarterly updates will provide the information needed to evaluate the project, in lieu of the stakeholder workshops proposed by UCE. The Company also believes that the annual STEP Report will provide much of the information requested by the WRA, but suggests as an alternative that the annual report include progress on achieving the projects four goals outlined in the application and supporting testimony of Company witness James Campbell. The Company also commits to providing, at the conclusion of the Project, a final report including a detailed cost-benefit analysis together with an assessment of the potential for future deployment of the technology at other sites.

Battery Demand Response

The Division recommends the Commission approve the Battery Demand Response Project conditioned upon proof of Herriman City’s approval for lithium iron phosphate batteries within living areas. In the event the batteries cause problems, the Division recommends the Commission direct the Company to provide assurance that it and ratepayers are protected from any resulting

legal action. The Division also recommends the Commission direct the Company to provide quarterly updates on the Battery Demand Response Project throughout the remainder of the STEP program to keep interested parties current on its progress, including all accounting associated with the project.

The Office agrees that the proposed project is a cost effective way for the Company to study a large behind-the-meter solar/battery system and the Office recommends that the Commission approve the project. The Office noted concerns that this project will have ongoing annual costs after the STEP program sunsets on January 1, 2022. The Office recommends that the Commission require the Company to report annually and at the time a new STEP project is proposed on the aggregate total of ongoing operations, maintenance, administrative, and general expenses for all existing and proposed STEP projects by year for the remaining lives of the projects.

WRA is supportive of this project and recommends that PacifiCorp be required to provide information twice yearly over the life of the project regarding battery efficiency; charge/discharge cycle statistics; demand response statistics for the property due to battery use; information about the Company's efforts to quantify the benefits of this project and the cost-benefit computation method; total property energy import statistics; and import/export statistics when the Company tests exporting energy.

UCE also supports the Company's application for the Battery Demand Response Project, but states that rate design for battery storage is premature and that utility control of customer-owned batteries is not the only way batteries can provide benefits to the grid. UCE also states that any future battery storage proceedings should consider the value of a variety of ownership and operation structures and not be limited to utility-controlled opportunities.

In response to the Division's recommendation, the Company agrees to provide quarterly updates as requested. Wasatch Development, the Company's partner in the project, is in the final stages of receiving the building permit for the solar and batteries. The Company will provide the approval and/or permitting for the residential battery installations once it is available. Also, the Company will add language to the contract with the Wasatch Development indemnifying the Company and its ratepayers from any legal actions resulting from the batteries. In response to the conditions proposed by the Office, the Company agrees to provide an estimate of any ongoing costs at the time it proposes any new projects. Regarding the annual reporting request for existing projects, the Company recommends this topic be discussed at the STEP Exit Strategy meeting later this year to determine a mutually agreeable way this information could be reported. In response to WRA, the Company proposes to provide performance updates mid-year annually, followed by a more comprehensive report to be submitted with the annual STEP Report. In response to UCE's comments, the Company does not intend to use the data gathered in isolation to develop rate design.

ARMS Project

The Division recommends the Commission approve the ARMS Project. The Division recommends the Commission direct the Company to provide quarterly updates on the ARMS Project throughout the remainder of the STEP program, including all accounting associated with the project.

The Office supports the Company's proposal to enhance the functionality of existing automated meter reading meters through the ARMS Project rather than full conversion to advanced metering infrastructure ("AMI") meters. The Office emphasizes that any future AMI rollout beyond that explained in the ARMS project proposal should be pursued only if the benefits outweigh the costs.

WRA supports this project and expresses support for future deployment of AMI and supporting infrastructure for full grid modernization in the near future.

UCE states that it supports efforts to modernize the electric grid and to improve communications and resiliency, but does not support using STEP funds for this project. UCE states that, based on the anticipated net customer benefits, the ARMS project should be funded through customer rates.

In response to the comments from the Division and Office, the Company will provide quarterly updates on the ARMS Project, including accounting, and will not implement additional AMI beyond the scope of this project using STEP funds. The Company is evaluating future AMI projects, but is not proposing or moving forward with additional projects at this time. In response to UCE's comments, the Company believes that it is important to recognize that the benefits analysis shows that approximately \$71.1 million in benefits over the life of the program is primarily a customer benefit due to reduced outage times, rather than a direct financial benefit to the Company's revenue requirement and its customers. When comparing the net present value of these benefits to the initial project cost, the project is not cost-effective, and would not be appropriately funded through general customer rates. Additionally, this project plans to utilize innovative technology components that are currently not commercially available and are further expected to provide the Company with critical information and experience to enable future deployment of grid modernization projects.

Other Recommendations

The Division also recommends the Commission direct the Company to meet with the Division during the fourth quarter of this year to discuss the exit strategy for the STEP program.

WRA proposes that the Commission initiate an investigation to require the utility to pursue a transparent integrated distribution planning process every three years, with associated performance metrics.

The Company agrees to meet with the Division and other interested parties prior to the end of the year to discuss the conclusion of the STEP program. With regard to WRA's proposal for developing an integrated distribution planning process, the Company recommends waiting for the STEP program to end before pursuing distribution system planning. The projects deployed under the STEP program are expected to provide the Company with additional information that will contribute to the Company's grid modernization strategy and would become part of any distribution system planning effort.

Conclusion

For the reasons set forth above, the Company respectfully requests that the Commission approve its request to implement the Intermodal Hub Project, the Battery Demand Response Project, and the ARMS Project as programs consistent with STEP.

Sincerely,

A handwritten signature in blue ink that reads "Joelle Steward". The signature is written in a cursive, flowing style.

Joelle Steward
Vice President, Regulation

CC: Service List - Docket No. 16-035-36

CERTIFICATE OF SERVICE

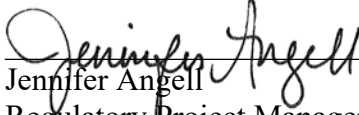
I hereby certify that on May 31, 2019, a true and correct copy of the foregoing was served by electronic mail on the following:

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