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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation And Energy Act	Docket No. 16-035-36
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UAE’S REPLY COMMENTS

Pursuant to the Commission’s Scheduling Order in Docket 16-035-36 issued March 22, 2019, the Utah Association of Energy Users (“UAE”) files these comments regarding the Application to Implement Programs Authorized by the Sustainable Transportation and Energy Act (“Application”), filed March 8, 2019 by Rocky Mountain Power (“RMP”) in this docket and in response to the comments filed May 14, 2019 by the Division of Public Utilities (“DPU”), Office of Consumer Services (“OCS”), Utah Clean Energy (“UCE”), and Western Resource Advocates (“WRA”).

BACKGROUND

In March 2016, the Utah Legislature passed Senate Bill 115, the Sustainable Transportation and Energy Plan Act (“STEP”), which, among other things, mandated

implementation of a five-year program allocating \$50 million under the authorization of the Utah Public Service Commission to establish funding for conservation, efficiency, or new technology programs in addition to the programs described in SB 115 that are determined to be cost-effective and in the public interest.

RMP began implementing STEP programs in phases beginning in 2017. Four phases have been implemented since the inception of the initiatives. In this filing, RMP is seeking authorization to spend \$5,265,575 for “Other Innovative Technologies” under Phase Five, which consists of \$1,995,575 to fund the Intermodal Hub Project and \$3,270,000 to fund the Battery Demand Response Project. RMP also seeks approval to combine the remaining Utah Solar Incentive Program (“USIP”) and “Conservation and Efficiency Technology” monies to fund the \$16,520,000 Advanced Resiliency Management System Project (“ARMS”). With all the projects combined, the STEP Program is projected to spend just over \$48 million of the \$50 million authorized over the five-year pilot period.¹

DISCUSSION

Other parties have provided lengthy descriptive comments on each program in their original filings, and UAE will not revisit them here. All four parties—DPU, OCS, UCE, and WRA—have recommended that the Commission approve RMP’s filing to fund the Intermodal Hub, Battery Demand Response and ARMS Project, as they assert that the programs are in the public interest. UAE will respond to their individual concerns and/or specific recommendations in this filing.

¹ RMP Application, at 4, Table 1.

Intermodal Hub

DPU states in its comments that the Intermodal Hub Project is “calculated to provide valuable data and learning opportunities to all stakeholders...” regarding Electric Vehicle (“EV”) infrastructure as the EV transportation needs grow. DPU recommends that the Commission direct RMP to provide quarterly updates throughout the remainder of the STEP Program to keep “interested parties current on its progress including all accounting associated with the project.”²

While also recommending that the Commission approve the Project, OCS recommends that the Commission require the Company to:

- Specifically report on the total and individual ongoing OMAG costs from all STEP projects both in its annual report and in each subsequent request for a new project;
- Provide a cost benefit analysis at the conclusion of the Intermodal Hub project; and
- Report on any elements of the project that are not resolved within the appropriate timeframes that have been specified.³

In its comments on the Project, UCE notes that in its application, RMP proposes to report back to the Commission in 2021 after the program closes. In the “interest of developing a shared understanding of the benefits and capabilities of the Company’s Power Balance and Demand Response program,” UCE suggests “that the Company host stakeholder workshops following the conclusion of each of the four tasks identified in the Company’s application.”⁴

UAE Response

UAE supports these recommendations. The additional reporting, cost/benefit analyses, and stakeholder outreach will provide greater transparency and understanding of the programs.

² DPU Comments at 5.

³ See OCS Comments at 8.

⁴ UCE Comments at 6.

Battery Demand Response Project

DPU asserts that, while it has concerns that the Battery Demand Response Project may only marginally meet the public interest requirement due to economics and the limited value provided back to RMP personnel, it is nonetheless important for RMP to gain operational knowledge about different technologies to determine how that knowledge might be used to improve the system. Thus, the DPU recommends approval of this Project.

OCS also recommends approval of the Project, but notes concern that this is “another STEP project that will have ongoing annual costs after the STEP program sunsets on January 1, 2022”.⁵ OCS recommends that the Commission require RMP to report annually, and at the time a new STEP Project is proposed, the aggregate total of ongoing OMAG for all existing and proposed STEP projects by year by year for the remaining lives of the projects.

UAE Response

While UAE supports the Battery Demand Response Project on the grounds that it presents an opportunity for the Company to gain operational knowledge of an emerging technology, UAE—like OCS—is concerned about what appear to be open-ended project costs. As such, UAE supports OCS’s recommendation to require RMP to provide annual reports on the OMAG for all existing and proposed STEP projects on a year-by-year basis for the remaining duration of the projects.

⁵ OCS Comments at 6.

Advanced Resiliency Management System Project (“ARMS”)

Regarding the ARMS Project, the DPU recommends that the Commission direct RMP to provide quarterly updates throughout the remainder of the STEP Program to keep interested parties current on its progress, including all accounting associated with the project.⁶

While also supporting the ARMS Project, UCE notes that “given the high anticipated net customer benefits” of \$67.6 million to Utah customers over the 25-year period of this Project, UCE suggests that the \$16.52 million requested by the Company to pay for the ARMS Project be funded through customer rates, and to assign the requested dollars to other cost-effective and innovative pilot projects under the STEP Program.⁷

UAE Response

UAE supports the recommendation made by the DPU that RMP provide quarterly updates throughout the remainder of the ARMS Program to keep interested parties informed. UAE does not support UCE’s recommendation to fund the ARMS Project through customer rates, rather than STEP funds already collected from customers. UCE’s request to fund the ARMS project through customer rates is based on its claim that potential customer benefits are high and the technology being used is not “emerging” like the technology for the other projects referenced above. UCE’s argument seems to be that the ARMS project is one that RMP should undertake outside of the STEP program and regardless of STEP’s goals. If that is the case, then the Commission should deny RMP’s request regarding ARMS and request that RMP initiate a program outside of this docket. UAE does not believe that funds for STEP initiatives are limited

⁶ DPU Comments at 9.

⁷ UCE Comments at 11-12.

to “emerging technologies.” The STEP Program expressly approves funding for “conservation, efficiency, or new technology programs,” and is intended to advance and research technologies that will benefit the system and customers, and thus, pilot programs should be funded using those dollars. STEP funds are intended to encourage RMP to innovate in the manner in which it serves its customers. That innovation can come in the form using emerging technologies, such as the programs discussed above, *and* in implementing new programs using more established technology that RMP does not currently use in serving customers and with which the Company has no operational experience, such as the ARMS Project. In addition, the ARMS Project has a significant proposed cost of \$16.52 million that should not be dumped into customer rates when RMP’s own STEP funds—already collected from customers—are available to be utilized in funding the program.

UAE Recommendations

UAE recommends approval of the Intermodal Hub, Battery Demand Response and ARMS Project.

UAE also supports recommendations made by DPU and OCS that relate to requiring more analysis, reporting, and stakeholder outreach. UAE further supports DPU’s request, set forth at the end of its comments, that the Commission direct RMP to meet with DPU and other stakeholders during the 4th quarter of 2019 to discuss how to end the STEP Program and to discuss how to return or utilize the un-allocated funds and unused USIP incentive funds when the STEP Program closes out in 2021. UAE also supports DPU’s

recommendation that the Commission require RMP to provide an explanation of how it plans to account for projects that will continue after the STEP Program sunsets.⁸

DATED this 31stth day of May 2019.

Respectfully submitted



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⁸ DPU Comments on Docket No. 16-035-36 RMP STEP Program Sunset, Pages 9-10.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 18th day of September, 2018 on the following:

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