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Division of Public Utilities

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## Recommendation

**To:** Utah Public Service Commission

**From:** Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Lane Mecham, Utility Analyst

Bob Davis, Utility Analyst

**Date:** June 5, 2018

**Re: RMP – Federal Tax Act Rate Adjustments – Applicability to Schedule No. 73  
Subscriber Solar Program, Docket No. 17-035-69**

### Recommendation (No Action)

After discussing with Rocky Mountain Power (“Company”) how the approved Schedule 197 will be implemented for Schedule 73, Solar Subscriber customers, the Division of Public Utilities (“Division” or “DPU”) recommends that the Utah Public Service Commission (“PSC”) take no action. The Division believes that the currently approved schedule 197 is an appropriate and equitable method of crediting Schedule 73 customers. The Division also believes that Schedule 197 adheres to the terms of the Settlement Agreement from Docket 15-035-61 as well as the Schedule 73 Tariff.

### Issue

On May 17, 2018, the Commission issued an Action Request to the DPU that asked it to evaluate the applicability of the recent rate changes in Docket No. 17-035-69 to Schedule 73, the Solar Subscriber Program. The Commission asked if any rate adjustments might be necessary for those customers and to provide recommendations for a process to implement those rate adjustments if needed.

## **Background & Discussion**

On May 9, 2018, the PSC approved the Company's Electric Service Schedule No. 197, which created a credit applied to ratepayers' bills in order to pass through tax savings created by the passage of the Tax Cuts and Jobs Act.

On May 17, 2018, the Commission issued an action request to investigate whether or not Schedule 197 had appropriately addressed the rate design for Schedule 73 customers. The Commission specifically cited Paragraph 15 of the Amended Settlement Agreement from Docket No. 15-035-61, Application of Rocky Mountain Power for Approval of its Subscriber Solar Program (Schedule 73), which states in part that, "... the Solar Block Delivery Charge will adjust consistent with rate changes for the class, and will be included in the filing with any rate changes for the class." The Commission also cited Special Conditions 10, which states in part that, "... The Solar Block Delivery Charge will adjust over time consistent with changes in non-generation related costs (e.g., transmission, distribution, and customer service costs) approved for recovery in rates."

On May 25, 2018, the Division discussed the impacts on Solar Subscriber customers with the Company to determine what impact Solar Subscriber customers will see from implementation of Schedule 197. The Company stated that customers who purchased blocks through the Solar Subscriber Program will see the same overall percentage reduction to all of their volumetric charges as their underlying schedule (e.g., if their regular, underlying schedule is residential Schedule 1 then they will see the same overall percentage decrease to energy charges under their base rate schedule and to the solar block charges [both delivery and generation] for which they subscribe as that class of customers).

An issue the Division discussed with the Company is whether the credit rate should be higher for Solar Subscribers than the underlying class they belong to because their charge per kilowatt-hour is typically higher, and theoretically, paying more income tax expense to the Company. After discussion about this issue, the Division concludes that the difference, if any, is minor. Although the rate is initially higher, it also offsets energy that would have put solar subscriber customers into higher tiers, and potentially would have paid more under the tiered structure, depending on usage.

The Division believes that volumetrically crediting the customers' bills for both the base schedules as well as the purchased solar blocks is consistent with the Settlement Agreement and with the Schedule 73 Tariff.

## **Conclusion**

The Division concludes that the currently approved Schedule 197 is an equitable method for crediting Schedule 73, Subscriber Solar Program customers. The Division also concludes that this method adheres to the terms of the Settlement Agreement from Docket 15-035-61 and

Special Conditions 10 from the Schedule 73 Tariff. Based on these findings, the Division recommends that the Commission take no action.

Cc: Michele Beck, OCS  
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Service List