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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Gavin Mangelson, Utility Analyst

Date: March 29, 2017

Subject: Docket 17-035-T05

In the Matter of: Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 111, Residential Energy Efficiency Program

Background

On March 15, 2017 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) an application to make tariff revisions to Schedule 111. The Commission posted a Notice of Filing and Comment Period on March 16, 2017.

The proposed changes to Schedule 111 include the addition of language under the Customer Participation section¹, and under the Provisions of Service section². The proposed language for the Customer Participation section is similar to the language used in the Schedule 140 tariff, with the exception that one sentence has been omitted³.

A draft of the proposal was circulated to the Demand-Side Management Steering Committee prior to the filing. The Office of Consumer Services (Office) worked with

¹ Schedule 111, Sheet No. 111.1

² Schedule 111, Sheet No. 111.3

³ The language in the Customer Participation section of Schedule 140, Non-Residential Energy Efficiency, was proposed with the original filing to create Schedule 140 (Docket No. 13-035-89, May 21, 2013), and has not changed since the tariff was approved.

the Company to make certain changes, but expressed to the Company that it had remaining concerns with the proposal⁴.

Issue

The current proposal contains an addition to the Provisions of Service section, which states that, “Non-lighting incentives are capped at up to 70 percent of qualifying equipment costs. Qualifying equipment costs are subject to Company approval.” The Office has continually advocated for measures in the DSM portfolio to be capped at certain percentages of overall cost, and the Office supports this portion of the proposal.

The Office previously supported inserting “up to” language to accompany incentive amounts listed in the tariff, thereby giving the Company increased flexibility. The Office asserts that both capping incentives as a percentage of overall cost, and creating “up to” amounts for incentives, can be effective tools in managing cost-effectiveness, and the Office supports providing these tools to the Company.

The proposed new language for the Customer Participation section of Schedule 111.1 states that:

“The Company shall have the right to qualify participants *at its discretion, based on criteria the Company considers necessary* to ensure the effective operation of the measures and utility system. Criteria may include, but will not be limited to, cost-effectiveness. Any Commission-approved limits will be described in the Company’s website. In the event that there is a participation dispute that is not resolved by the Company, the customer may elect to follow the process outline at <http://psc.utah.gov/complaint-process/>.” (italics added for emphasis)

The Company states in the Advice Letter filed along with the proposed tariff sheets that, “If an unforeseen situation arises that could compromise the intent or cost-effectiveness of a program, the Company will have the ability to take immediate action in an effort to prevent adverse effects on customers.” The Company explains the need for this ability by citing the issues addressed in Dockets 15-035-T08 and 15-035-T13, regarding the Small Business Program and Refrigerator Incentive respectively, in

⁴ The Office assumes that the Advice Letter’s statement that there were “no unresolved concerns at the time of the filing” was an oversight.

which unforeseen circumstances compromised the cost-effectiveness of those programs. In both cases the Company appealed to the Commission for either suspension or changes to the programs, however, the identified problems persisted in the period between the Company's request and the formal approval by the Commission. In the proposed language the Company seeks to give itself the unilateral ability to change or suspend programs in situations where the Company deems it necessary, utilizing Company "discretion" and "criteria" in lieu of that which has been approved by the Commission. Although the Company states that it will notify the Steering Committee in such instances, the tariff itself would not require any notification or permission for the use of this "emergency power", nor does it provide any new or expanded means of resolving disputes that may arise from the exercise of this power.

The Office notes that Docket 15-035-T08 pertains to Schedule 140 (Non-Residential Energy Efficiency), therefore the Company had this tool at its disposal to handle the problems with the Small Business program, chose not to employ it, and now cites that incident as evidence that this ability must be a necessary component in Schedule 111 (Residential Energy Efficiency).

The Office opposes the language proposed under Customer Participation. The Office agrees that certain situations may merit some type of process to address changes quickly when unforeseen circumstances occur, however the Office believes that efforts to ensure cost-effectiveness need not circumvent Commission oversight. The Office could support allowing the Company the ability to temporarily change the terms of participation, subject to Commission approval. The Office asserts that the Company should not be able to unilaterally redefine the tariff provisions for more than a short, explicitly defined time period.

Therefore, the Office recommends the following alternative language for the Customer Participation section:

"The Company shall have the right to **temporarily** qualify participants at its discretion, based on criteria the Company considers necessary to ensure the effective operation of the measures and utility system. Criteria may include, but will not be limited to, cost-effectiveness. **In such circumstances, the Company will notify the Commission within two business days that the Company has employed its power to**

temporarily change tariff provisions. Notification will include an explanation of, and rationale for, all changes, as well as an explanation of the circumstances that merit the immediate action. The Company will formally file a request to permanently incorporate changes into the tariff in accordance with Rule 746-405-02 within 10 business days.”

Recommendation

The Office recommends that the Commission take the following action:

1. Reject the additions to Customer Participation on Sheet No. 111.1
2. Approve the Office’s alternative language for Sheet No. 111.1 articulated in the above Comments
3. Approve the additional Provision of Service on Sheet No. 111.3

Copies to:

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