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Division of Public Utilities

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REPLY COMMENTS

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Bob Davis, Utility Analyst

Date: November 27, 2018

Re: Reply Comments, Docket No. 18-035-39, – Investigation Re: Expiring Excess Generation Credits under Schedule 135.

REPLY COMMENTS

The Division of Public Utilities (“Division”) previously filed comments in this docket with the Public Service Commission of Utah (“Commission”). The Division stands by its original comments not to oppose a change in the use of the expired excess generation credits to help low-income customers with utility bills through energy efficiency projects. However, the Division does not propose or support any specific program or programs at this time. A variety of programs might be in the public interest.

ISSUE

Currently, the expired excess generation credits from customer owned electric production facilities valued at the avoided cost rate offset the Schedule No. 91 surcharge to all customers. The surcharge funds the low-income Home Electric Lifeline Program (“HELP”) used to offset low-income customers’ utility bills under Schedule 3. HELP provides a maximum credit of \$12.60 to offset low-income customers’ bills. The proposals supported by the Office of Consumer Services (“UCE”), Utah Clean Energy (“UCE”), and Rocky Mountain Power

(“RMP”) would slightly increase the amount funded by all customers under Schedule 91, which funds HELP. None of the parties opposes changing the use of the funds.

The OCS contends that the expiring credits do not provide incremental value to low-income customers and believes diverting those funds to the Department of Work Force Service’s Weatherization Assistance Program (“WAP”) would be a more efficient use of the funds without affecting HELP. UCE mirrors the OCS and recommends the funds go to the WAP program. RMP contends that diverting the funds to the WAP program is problematic and recommends the funds go to the Salvation Army’s Lend-A-Hand program.

Various programs might be in the public interest. RMP’s proposal, Lend-A-Hand, would help offset additional low-income customers’ power bills but does not offer any means to reduce energy consumption by low-income customers through weatherization measures. The OCS and UCE proposal would provide ongoing reductions in energy use but might subsidize measures that primarily mitigate natural gas usage. The Commission might justifiably adopt either of the recommendations before it in the public interest.

DISCUSSION

The Division, RMP, OCS, and UCE each filed comments in this docket on November 8, 2018. Each of the parties substantially maintained their positions as filed in Docket No. 18-035-28. The Division is not opposed to a slight customer bill increase by eliminating the offset to the Schedule 91 surcharge and diverting those funds from the HELP program to another program supporting low-income electric customers. The Division understands this adjustment would not affect the current HELP program.

OCS and UCE Proposals

The OCS asserts that the expiring excess credits are not providing an incremental benefit to low-income customers, and proposes shifting the funds to the Weatherization Assistance Program (“WAP”) administered by the Department of Work Force Services.¹ The OCS contends that 54-15-104(4)(b) supports the WAP program exclusive of any Schedule 118 restrictions.²

¹ Office of Consumer Services Comments, Docket No. 18-035-39, November 8, 2018, at page 3.

² Schedule No. 118, Energy Efficiency Measures. For example, fifty-one percent of the dwelling must be heated by electric space heating for Major Measures and some Supplemental Measures while other Supplemental Measures are supported if the dwelling has an electric water heater.

The OCS supports this conclusion in that the WAP program is well established, has significant oversight, and can use the funds.³ Additionally, the OCS points out that weatherization provides longer-term benefits by reducing energy needs whatever that energy source, gas or electric, may be. UCE's comments mirror the OCS's comments and proposes that the funds go to the WAP program.

The Division concludes that the OCS's and UCE's proposal has merit. The funds would ultimately lower energy needs of low-income customers through weatherization measures versus solely helping offset their electric utility bills. This may meet the intent of the statute for other uses and, therefore, may be in the public interest. However, it is hard to know if the funds directly relate to electric related weatherization versus overall energy efficiency of the dwelling, which ultimately lowers both electric and natural gas utility bills. Perhaps this is appropriate.

RMP Proposal

RMP recommends dispersing the funds to the Salvation Army's Lend-A-Hand program to offset electric bills for additional low-income customers. By doing so, the \$159,840 of available funds would provide bill relief to more than 700 additional households annually.⁴ RMP remains skeptical that adding more funds on top of the existing \$225,000⁵ it provides to the WAP program is workable given the restrictions of Schedule 118.⁶ It is not evident that expiring credits must have the same restrictions on them as the Schedule 118 funds. At the time of this writing, the Division did not have time to analyze RMP's responses to questions asked by the Division surrounding RMP's allegations. However, at a high level, the data provided supports RMP's claims regarding the existing WAP funds.

RMP's proposal addresses one concern: funds arising from the activities of electric customer generation being used to the benefit of low-income electric customers' electricity use. Therefore, RMP's proposal to fund the Lend-A-Hand program with the available funds has merit and is in the public interest. However, the Lend-A-Hand program does not necessarily reduce long-term energy needs, as would weatherization programs. Using excess generation credits to

³ Office of Consumer Services Comments, Attached letter from Bradley L. Carpenter, Weatherization Program Manager, Department of Workforce Services, October 25, 2018.

⁴ Rocky Mountain Power's Comments, Docket No. 18-035-39, November 8, 2018, at page 2.

⁵ Id., page 3. RMP budgets \$225,000 per year for weatherization services as part of its DSM program.

⁶ Id., page 3. RMP claims that WAP utilizes a small fraction of the \$225,000 annual budget.

help low-income electric customers with their electric utility bills by funding low-income energy efficiency programs is in the public interest. However, the Division generally believes that funds arising from electric customer activity should primarily offset electrical utility bills. One utility's customers should not pay for benefits accruing largely to another utility and its customers. In short, both of the proposals before the Commission provides benefits and are in the public interest.

CONCLUSION

The proposals before the Commission are in the public interest. The Commission should consider whether to directly subsidize customer bills, as RMP's proposal would, or to provide additional weatherization funds that might largely benefit another utility and its customers. If the Commission chooses the latter, it should clarify whether, and to what extent, Schedule 118 applies, especially given RMP's allegation that the current funds are not fully useful. The Division continues to evaluate that allegation.

cc: Jana Saba, RMP
Michele Beck, OCS