



State of Utah
Department of Commerce
Division of Public Utilities

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COMMENTS

To: Utah Public Service Commission

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

Date: November 20, 2018

Re: **Conditionally Approve Tariff Sheets with Recommendations, Docket No. 18-035-T04** – Rocky Mountain Power’s Proposed Tariff Revisions to Electric Service Regulation Nos. 4 (Supply and Use of Service), 5 (Customer’s Installation), 7 (Metering), 9 (Deposits), 10 (Termination of Service and Deferred Payment Agreement), 12 (Line Extensions), and Electric Service Schedule No. 300 (Regulation Charges).

RECOMMENDATION (Approve Tariff Sheets with Recommendations)

The Division of Public Utilities (“Division”) recommends the Public Service Commission (“Commission”) approve, with recommendations, Rocky Mountain Power’s (“RMP”) proposed revisions to Electric Service Regulation Nos. 4 (Supply and Use of Service), 5 (Customer’s Installation), 7 (Metering), 9 (Deposits), 10 (Termination of Service and Deferred Payment Agreement), 12 (Line Extensions), and Electric Service Schedule No. 300 (Regulation Charges), effective January 16, 2019. The Division determined that RMP’s filing complies with Rule R746-405-2(D) and is consistent with the public interest.

ISSUE

On September 17, 2018, RMP filed with the Commission its Advice No. 18-04, Miscellaneous Tariff Changes Filing. RMP requested an effective date of November 17, 2018. On September 17, 2018, the Commission issued an action request to the Division requesting it to investigate

RMP's filing and make recommendations. The Commission asked the Division to report back by October 1, 2018. On the same day, the Commission issued a Notice of Scheduling Conference for September 24, 2018. On September 25, 2018, the Commission issued its Scheduling Order and Order Suspending Tariff. Comments from all interested parties are due November 20, 2018 with reply comments due December 12, 2018. The revised tariff effective date is January 16, 2019. This memorandum represents the Division's response to the Commission's request to investigate RMP's filing.

BACKGROUND

RMP claims in its advice letter that the proposed changes are a collection of various clarifications, housekeeping, updates, and policy changes, which it recommends based on its experiences serving customers to help provide safe, reliable service to its customers. Given the volume of changes, RMP sent a copy to the Division and Office of Consumer Services ("OCS") prior to its filing with the Commission. RMP met with interested parties on October 5, 2018 to provide an overview and walkthrough of the substantive changes.

DISCUSSION

On October 5, 2018, RMP met with interested parties to discuss the tariff changes and answer questions posed by the parties seeking clarification. At the conclusion of that discussion, RMP offered clarifications and responses to the Division's and other parties' questions and comments. In general, the Division supports the tariff changes as filed with its recommendations as follows.

Regulation 4 – Supply and Use of Service

The Division has reviewed RMP's proposed revisions to Regulation 4 and has no concerns or recommendations at this time.

Regulation 5 – Customer Installation

The Division has reviewed RMP's proposed revisions to Regulation 5 and has no concerns or recommendations at this time.

Regulation 7 – Metering

The proposed tariff changes to Regulation 7 clarify the distinction between a meter that fails to register correctly and a meter that completely fails to register any usage. The Division has no concern with Regulation 7, Section 4(b), but suggests language contained in Regulation 8, Section 8, referenced in the proposed Regulation 7 and the rules that are its basis should be addressed in the near future. Utah Code Annotated § R746-310-8(C) and Utah Code Annotated § R746-310-8(D) are the basis for Regulation 8.8(c) and 8.8(d), respectively.

There are different circumstances surrounding metering errors and backbilling. The Division questions whether it is equitable to bill the customer whose meter failed to register the full use because of a subset of specific reasons for twenty-four months of prior estimated use as permitted by Regulation 8.8(d) while only billing for three or six months in the event of other metering failures. The Division suggests review of these rules.

Regulation 9 - Deposits

The Division's concern with Regulation 9, Residential Customers Waiver of Security Deposit, 1(b)(3), is a reference to "*Utah Code Title 54 Public Utilities Statutes and Public Service Commission Rules, Title 9 Community and Culture Development 9-12-201*" in the language that does not seem to exist. Upon further review and discussions with interested parties, RMP concludes that its current revision "*Utah Code Title 54 Public Utilities Statutes and Public Service Commission Rules, and Title 35A Utah Workforce Services Code Section 35A-8-1501*" needs further revision to exclude the reference to Title 54, as there is nothing contained in Title 54 pertaining to this subject.

The Division supports RMP's proposed revisions to Regulation 9.

Regulation 10 – Termination of Service and Deferred Payment Agreement

The Division has reviewed RMP's proposed revisions to Regulation 10 and has no concerns or recommendations at this time.

Regulation 12 – Line Extensions

The Division's review of RMP's revisions to Regulation 12 found two areas of concern. The first concern regards the allocation of costs to succeeding customers after the initial customer pays for network upgrades. Additionally, how does the allocation work in the context of the Line Extension Program under the STEP Program? The second concern surrounds the threshold in which a customer must pay for network upgrades to connect.

First, Regulation 12, Section 1(k), Refunds, allows a refund to an initial customer, who paid for network upgrades in order to connect to the system, when up to four more customers connect to the system. For up to ten years after the initial customer paid for the upgrades, each successive customer must pay twenty percent of the initial cost to RMP who in-turn repays the initial customer. Successive customers could wait until the eleventh year to build a project to avoid the connection fee. Under this scenario, the customer connecting to the line extension after the expiration of the ten years would not have to pay the twenty percent. In discussions with RMP, the Company's representatives claim that the loophole in the process exists but rarely occurs and therefore, no revision is required to Regulation 12 to prohibit this scenario. The Division, therefore, concludes that the actual occurrence of such abuse is unlikely.

The Division's other concern is with refunds relating to the Line Extension Program under the STEP Program and the possibility of double refunds. The Company's representatives explain that in conjunction with the STEP Program, Regulation 13 provides a twenty percent offset provided by STEP funds to primary voltage backbone costs within commercial developments. These funds are a one-time offset and not subject to allocated refunds due to subsequent customer connections.

Second, the Division was initially concerned with RMP's proposed revisions to Regulation 12, Section 2 (e), Residential Extension Transformation Facilities. Currently, the threshold definition is if a customer's demand exceeds the capacity of the existing facilities, then the new customer would pay for system upgrades necessary to allow connection. For example, in one scenario, an existing customer could have a larger than normal load and a new customer proposing connection with a normal load may trigger the need for network upgrades and would bear the entire cost burden of those upgrades. The Division believes that such conditions are not equitable or consistent with the principle of cost causation or the public interest. RMP proposes a

new threshold to rectify these issues. RMP claims that most transformers used for shared residential connections are 75kVA and is proposing a 22kVA threshold to determine the need for upgrades. Establishing the 22kVA threshold would create a level playing field with shared transformers and help RMP better size its system according to load. The Division's concern with the new threshold is that the 22kVA threshold might limit a single-family residential home to services below 200 amps and 240 volts. The Company's representatives explained that RMP uses accepted industry methods for calculating residential loads and determined that the 22kVA threshold would allow a 200 amp/240 volt service.¹ The Division concludes that the 22kVA threshold is acceptable and in the public interest.

The Division supports the revisions to Regulation 12 including the allocation of costs to successive customers on a line extension and the establishment of the 22kVA threshold to shared residential transformers and system facilities.

Sheet No. 300 – Regulation Charges

The Division has reviewed RMP's proposed revisions to Sheet No. 300 and has no concerns or recommendations at this time.

CONCLUSION

In reviewing RMP's advice letter for this matter, the Division reviewed Utah Administrative Code Rule 746- 405-2 (D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule. However, the rule also states that the filing of proposed tariff sheets shall of itself constitute the representation of the filing utility that it, in good faith, believes the proposed sheets or revised sheets to be consistent with applicable statutes, rules and orders. The filing does not appear to violate statute or rule.

The Division recommends the Commission approve RMP's proposed revisions to Electric Service Regulation Nos. 4 (Supply and Use of Service), 5 (Customer's Installation), 7 (Metering), 9 (Deposits), 10 (Termination of Service and Deferred Payment Agreement), 12 (Line Extensions), and Electric Service Schedule No. 300 (Regulation Charges), effective

¹ Based on a residential home requiring a 200 amp, 240 volt, service using a forty-percent duty cycle equating to 19.2kVA (200 * 240 * .4).

January 16, 2019, with the recommendations explained herein. Specifically, the Division recommends the Commission consider revisions to metering and backbilling rules. The Division recommends the Commission direct RMP to clarify the language in Regulation 9 (Deposits) relating to non-existent statutes, which RMP agreed to in its meeting with the interested parties on October 5, 2018.

cc: Jana Saba, RMP
Michele Beck, OCS
Service List