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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Rocky Mountain Power's Proposed Tariff
Revisions to Electric Service Regulation Nos.
4 (Supply and Use of Service), 5 (Customer's
Installation), 7 (Meeting), 9 (Deposits), 10
(Termination of Service and Deferred Payment
Agreement), 12 (Line Extensions), and Electric
Service Schedule No. 300 (Regulation
Charges)

Docket No. 18-035-T04

UAE COMMENTS

Pursuant to the Commission's September 25, 2018 Scheduling Order and Order Suspending Tariff, the Utah Association of Energy Users ("UAE") files these Comments regarding the proposed tariff changes filed September 17, 2018 in this docket by Rocky Mountain Power ("RMP" or "Company").

INTRODUCTION

The Company's tariff filing seeks to amend various and numerous tariff provisions. Certain of the proposed amendments appear intended to clarify vague or ambiguous language, to update references to rules or statutes, and otherwise to modernize long-standing tariff language

that has become out of date. UAE has no specific objections to or comments on any of the provisions that fall into this category of proposed amendments.

Other proposed amendments do not simply clarify or modernize existing language but, rather, seek substantive changes to the relationships and rights between the Company and its customers. For example, the Company has proposed extensive amendments to Electric Service Regulation No. 12, regarding line extensions, that seek to introduce wholesale changes to the balance of rights between customers and the Company when a line is extended or changed. Below, UAE's comments address proposed changes to Electric Service Regulation Nos. 12(3)(d), 12(3)(e) and 12(5)(b). As discussed below, UAE is concerned that the proposed changes to these sections allow the Company to make unilateral choices that place existing customers at risk of substantial harm. Moreover, such tariff changes should not be deemed to supersede specific language that parties have previously negotiated in agreements with RMP that address similar issues.

In addition, UAE proposes a change to Electric Service Regulation No. 4(3) to allow an option that will encourage conservation of electricity by tenants on the premises of a Rocky Mountain Power customer.

COMMENTS

A. Electric Service Regulation No. 12(3)(d) – Change in Line Voltage

In Electric Service Regulation No. 12(3)(d), the Company proposes new language that would require a customer receiving high voltage service to incur the substantial expense of upgrading substations and other infrastructure when the Company makes the unilateral decision to change the voltage of a transmission line, but fails to identify the types of equipment for

which the customer may be responsible and places no limits on the Company's discretion to change the voltage of a line before imposing this burden. Electric Service Regulation No. 12 deals with line extensions, and subparagraph 3 addresses line extensions for non-residential customers. RMP proposes to insert the following language for a new provision in subparagraph 3:

(d) **Change in Line Voltage**

When the Company changes the voltage of a distribution or transmission line, Customers taking service at the line voltage are responsible for the cost of taking service at the new distribution or transmission line voltage.

This language would expressly require a high voltage customer, such as a customer taking service under Schedule 9, to incur the cost of upgrading customer facilities whenever the Company elects to change the voltage of a transmission line. Facilities used by high voltage customers, including substations and transformers, can be enormously expensive to install and/or upgrade and upgrades to this equipment can take years to complete. The Company's proposed language seemingly permits the Company to unilaterally decide to change the voltage on the line without notice to the customer and without limits on the company's discretion, and requires the high voltage customer to suffer the consequences of that decision. Moreover, the customer's responsibility should extend only to customer owned or controlled equipment in all circumstances.

UAE suggests that the Commission decline to adopt proposed Electric Service Regulation No. 12(3)(d) as written. The Company should not be permitted to change the voltage of a transmission line, and thereby require a high voltage customer to incur the substantial expense of upgrading facilities, unless the Company first describes the reason and properly justifies the modification to the line voltage approval, either to the customer or the Commission.

That is, before the Company can require a high voltage customer to incur the significant expense of upgrading its facilities, the Company should first be required to justify the expense to the customer's reasonable satisfaction or seek Commission approval to require the customer to bear the expense of such a modification, and such approval should only be given if the Company demonstrates that the modification and customer expense is necessary and that no reasonable alternatives are available. Any such approval, if given, should also ensure that the customer is given adequate time to install upgrades before the modification is implemented to eliminate unreasonable impacts or disruption in service. Approval should also be conditioned based on the circumstances identified in the docket. For example, if the Company determines that it must upgrade transmission line voltage to serve new customers, the Commission might properly condition approval of line voltage modification on the new customers paying to upgrade the existing high voltage customer's facilities.

Absent safeguards such as these, high voltage customers will be placed at unreasonable financial risk from the proposed language of Electric Service Regulation No. 12(3)(d) and Commission should decline to adopt the proposed language. UAE suggests that any tariff language addressing this issue should read as follows:

If the Company reasonably determines that it must increase the voltage of facilities in an area in order to increase system capacity to meet anticipated demand, the Company must provide at least twelve months advance written notice to customers taking service at the existing voltage who may be impacted, and obtain the written agreement of the affected customers to modify customer owned or controlled facilities as necessary in order to take service at the increased voltage. Absent such written agreement, the Company may seek Commission approval to require affected customers to bear all or a reasonable portion of the expenses of such modifications to customer owned or controlled facilities. The Commission may require affected customers to bear all or a reasonable portion of the expenses of such required customer modifications if the Company demonstrates that the modifications and proposed customer expenses are just, reasonable and necessary, and that no other reasonable alternatives are available. This Electric Service Regulation No.

12(3)(d) does not modify or supersede any existing contractual provisions specifically addressing notice provisions or customer protections relating to such voltage changes.

B. Electric Service Regulation No. 12(3)(e) – Reduction in Contract Capacity or Demand

In Electric Service Regulation No. 12(3)(e), the Company proposes new language that would negatively impact a high voltage customer that plans to expand its load over time. When a high-voltage customer enters into a contract with Rocky Mountain Power, the customer estimates its peak demand. Using this estimate, the Company effectively reserves capacity in Company infrastructure (substations, lines, and service facilities) to ensure that it can meet the customer's peak demands and to make appropriate planning decisions for future load growth on the circuit. With the new language proposed in Paragraph 12(3)(e), the Company would no longer be required to reserve capacity in Company facilities according to the peak demand estimated in the contract with the customer. Rather, the Company would reserve capacity on its infrastructure based on the maximum amount of customer demand billed in the most recent 36 months. The language of the Company's proposed Paragraph 12(3)(e) is as follows:

(e) Reduction in Contract Capacity or Demand

The Company is not obligated to reserve capacity in Company substations or on Company lines or maintain service facilities in place, in excess of the maximum Customer demand billed in the most recent 36 months, unless a contract provides otherwise.

The Company's apparent intention in proposing this provision is to ensure that it is not required to reserve capacity on its infrastructure that will not be used by customers, which could result in the installation of unnecessary additional infrastructure to meet future needs. UAE supports that intention, at least to a point. However, a simple review of peak usage over the past 36-months is not adequate for determining likely future usage in all circumstances. For example,

if a customer has not yet reached its peak capacity but is planning to do so, the Company should not be allowed to reduce the specified contract demand without first determining the customer's reasonable expectations regarding future peak needs, particularly given that the cost of securing that contract demand was likely paid for by the customer. Moreover, a Customer under certain service schedules (for example, Schedules 31, 32 and 34) may not reach the stated contract demand for an extended period of time, by design, because the contract demand may reflect the customer generation capacity.

In lieu of the language proposed by the Company in Paragraph 12(3)(e), UAE proposes the following language:

After forty-eight (48) months from the in-service date of a Customer's contract with the Company, other than a Customer taking service under an electric service schedule or contract in which the contract demand may be based upon the capacity of customer owned or other generation facilities, if a Customer's highest measured demand over the previous forty-eight months is materially below the contract demand, the Company may notify the Customer that it proposes to reduce the contract demand. The Customer may respond within thirty (30) days. Unless the Customer demonstrates that its demand is reasonably expected to increase within the foreseeable future, or if the Customer otherwise provides a reasonable basis for a higher Contract Demand, or if the Customer fails to respond to Rocky Mountain Power's written notice within thirty (30) days, the Company may reduce the Contract Demand to a level that the Company reasonably determines, but not less than the peak demand actually measured over the past forty-eight (48) months. Such a reduction in the Contract Demand shall become effective thirty (30) days after Rocky Mountain Power provides final notice of the revised Contract Demand level to the affected customer. Disputes over a customer's Contract Demand will be resolved through the Commission's informal and formal dispute resolution process. This Electric Service Regulation No. 12(3)(e) does not modify or supersede any existing contractual provisions specifically addressing notice provisions or customer protections relating to such a change in demand.

C. Electric Service Regulation No. 12(5)(b) – Deduct Service

In Electric Service Regulation No. 12(5)(b), the Company proposes new language regarding Deduct Service. Deduct Service relates to service provided to a new Rocky Mountain Power customer that, instead of extending a line to serve that new customer, utilizes electrical facilities owned and maintained by an existing customer. New paragraph 12(5)(b) states, in part, as follows:

(b) Deduct Service

The Company may, in lieu of a Line Extension, provide service to a new customer (Deduct Customer) through utilization of the electrical facilities owned, operated and maintained by an existing customer (Facilities Owner) provided that the Deduct Customer, the Facilities Owner and the Company each agree with the service arrangement and enter into a written agreement, referred to as a deduct agreement, that specifies the terms of the service delivery and is consistent with the terms of this Subsection b.

Paragraph 12(5)(b) goes on to identify the circumstances in which a new Deduct Customer may receive Deduct Service. Given the use of “new customer” in this proposed language, UAE understands the intent is to apply this only to “new” Deduct Service for a Rocky Mountain Power customer, and that the provision would not apply to entities that currently receive electric service through utilization of electrical facilities owned, operated, and maintained by an existing Rocky Mountain Power customer. To clarify that intent, UAE proposes to add the following language at the end of the proposed tariff language: *“This Electric Service Regulation No. 12(5)(b) applies only to Customers or situations in which no existing end-use entity is receiving Deduct Service or similar services from a Customer as of January 1, 2019, and does not modify any existing agreements, arrangements or relationships for Deduct Service or similar services offered by existing Customers.”*

D. Electric Service Regulation No. 4(3) – Service to Tenants

In addition to the foregoing comments on tariff changes proposed by Rocky Mountain Power, UAE proposes to modify Electric Service Regulation No. 4(3) regarding service to tenants. The current provision reads as follows:

3. SERVICE TO TENANTS

The Company supplies electric service for the exclusive use of the Customer. The Customer shall not extend his/her electric facilities for service to other Customers or premises and shall not resell electric service to any other person or entity unless taking service under electric service schedules that specifically provide for reselling.

Electric power purchased by Customers shall be used solely by the Customer and its tenants involved in the same business enterprise and associated activities on the same premises. The cost of the electric service shall either be absorbed, or reflected in the rent or in the price of the goods or services as an unidentifiable charge to the tenant. Such Customers may also enter into three party agreements to allow the Company to deliver power and energy to Customers' tenants through the Customers' electrical system."

This provision addresses situations relating to tenants that receive electric power from a landlord. As currently written, this provision only permits the customer to estimate the cost of electricity to be utilized by the tenant in the rent charged to the tenant, but prohibits the customer from separately identifying and charging the specific cost of electricity utilized in its operations. This prohibition may prevent the tenant from receiving proper feedback or economic incentives regarding conservation of electric usage.

While the landlord/tenant relationships addressed in Electric Service Regulation No. 4(3) do not involve new buildings with multiple units that would fit within the master metering requirements of Electric Service Regulation No. 7(5), the policy reflected in PURPA designed to encourage conservation may also apply to certain landlord/tenant situations as well. As the Utah

Supreme Court has noted, “PURPA’s purpose is to encourage conservation by, for instance, rewarding consumers who turn off unnecessary lights, purchase energy efficient appliances, or conserve heat or air conditioning. If consumers cannot track their use of electricity, as occurs with master metering, their motivation to conserve is greatly diminished.” *Westside Dixon Associates LLC v. Utah Power & Light Co./PacifiCorp*, 2002 UT 31, ¶ 10, 44 P.3d 775. While the regulations for master-metered, multiple tenancy dwellings in PURPA, and in Utah Admin. Code R746-210, do not apply to the landlord/tenant issues addressed in Electric Service Regulation No. 4(3), the requirements of that Paragraph preventing a landlord from identifying and charging for the precise amount of electricity used by a tenant discourage conservation for the very reasons acknowledged by the Utah Supreme Court in *Westside Dixon Associates*.

For these reasons, UAE proposes an amendment to Electric Service Regulation No. 4(3) to permit a landlord, if the affected parties so choose, to specify and charge for the precise amount of electricity used by a tenant each month. Specifically, UAE proposes the following modification to Electric Service Regulation No. 4(3):

3. SERVICE TO TENANTS

The Company supplies electric service for the exclusive use of the Customer. The Customer shall not extend his/her electric facilities for service to other Customers or premises and shall not resell electric service to any other person or entity unless taking service under electric service schedules that specifically provide for reselling.

Electric power purchased by Customers shall be used solely by the Customer and its tenants involved in the same business enterprise and associated activities on the same premises. The cost of the electric service ~~shall~~ may either be absorbed, or reflected in the rent or in the price of the goods or services as an unidentifiable charge to the tenant, or, in the alternative, may be separately identified and charged to the tenant based on the cost of electricity utilized by the tenant each month. Such Customers may also enter into three party agreements to allow the

Company to deliver power and energy to Customers' tenants through the Customers' electrical system."

CONCLUSION

For the foregoing reasons, UAE offers the above-referenced comments regarding Electric Service Regulation Nos. 12(3)(d), 12(3)(e) and 12(5)(b) and the above-referenced modification to Electric Service Regulation No. 4(3). UAE further suggests that a follow-up technical conference may be appropriate to allow interested parties to discuss the language changes proposed by UAE and others.

DATED this 20th day of November 2018.

HATCH, JAMES & DODGE, P.C.



/s/

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Certificate of Service
Docket No. 18-035-T04

I hereby certify that a true and correct copy of the foregoing was served by email this day 20th day of November 2018, on the following:

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