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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission of Utah

From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: November 27, 2018

Subject: Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 193 (Demand Side Management Cost Adjustment) and Proposed Electric Service Schedule No. 194 (Demand Side Management Credit). Docket No. 18-035-T05

Background

On November 9, 2018, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) proposed tariff sheets to decrease Schedule 193 (Demand Side Management Cost Adjustment or DSM Surcharge) rates and create a new Schedule 194 (Demand Side Management Credit or DSM Credit) to implement a one-time customer refund. On November 13, 2018, the Commission issued a Notice of Filing and Comment Period setting the dates by which interested parties may provide comments and reply comments as November 27 and December 4, 2018, respectively. The Office of Consumer Services (Office) responds accordingly.

Discussion

On November 1, 2018, the Company submitted its projected 2019 Demand Side Management (DSM) savings and expenditures and a DSM Surcharge balancing account analysis. The DSM balancing account analysis indicated an over collection of \$11.2 million as of September 30, 2018; it further projected an over collection of \$18.7 million by December 31, 2019 at the current DSM Surcharge collection rate. The Company indicated that it intended to file a request to adjust the collection rate and issue a one-time refund to customers.

In this filing the Company states that at current collection rates, it is anticipated that the DSM Surcharge will collect approximately \$65.1 million during the twelve month period ending December 2019. The Company proposes to reduce Schedule 193 rates beginning January 1, 2019 to a level that will collect approximately \$63.0 million annually; resulting in a decrease of approximately \$2.1 million, or 3.3 percent in 2019. Currently the DSM Surcharge rate represents

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approximately 3.66 percent of customers' bills; if approved the proposed rate would decrease the collection rate to approximately 3.54 percent of customers' bills effective January 1, 2019.

The Company also proposes to create Schedule 194 to provide a one-time refund of \$14.5 million to customers effective February 1, 2019. At the proposed level of Schedule 193 revenue effective January 1, 2019 combined with the one-time \$14.5 million customer refund in February 2019, the Company projects that collections will be in excess of expenditures by approximately \$734,000 as of December 31, 2019. The Office generally is supportive of maintaining a lower balance in balancing accounts. However, in light of discussions proposed to take place within the DSM Steering Committee in the coming year the Office believes that having some additional DSM funding available is prudent. Further, under this proposal customers will benefit from a small one-time refund and an on-going reduction to the DSM surcharge.

Based on the Company's analysis the average residential customer using approximately 700 kWh a month would see a \$0.09 decrease on their monthly bill effective January 1, 2019. The average credit from the one-time DSM Credit would be \$7.30 on customers' February bills.

At the October 30, 2018 DSM Steering Committee meeting, members considered several options for better balancing the DSM account.¹ Members² in attendance at the meeting were ultimately able to agree to the proposal presented in the Company's filing in this docket.

The Office fully participated in those discussions and supports the Company's proposal as being an appropriate balance of returning over-collected funds to customers and allowing some flexibility in funding for the Company's ongoing DSM programs.

Recommendation

The Office recommends that the Commission approve the Company's request to reduce the Schedule 193 DSM Surcharge effective January 1, 2019 and approve the Schedule 194 one time DSM credit effective February 1, 2019.

CC: Joelle Steward, Rocky Mountain Power
DSM Steering Committee Members

¹ Consideration of options continued through email the following week.

² Representatives of member groups in attendance included the Division of Public Utilities, the Office of Consumer Services, Utah Clean Energy, Southwest Energy Efficiency Project, Utah Association of Energy Users and Western Resource Advocates.