



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Recommendation

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant

Lane Mecham, Utility Analyst

Date: November 27, 2018

**Re: RMP Advice No. 18-06 Schedule 193 Rate Adjustment and Schedule 194 Credit
– Demand Side Management (DSM) Cost Adjustment**

Recommendation (Approval)

The Division of Public Utilities (Division) recommends the Public Service Commission (Commission) approve Rocky Mountain Power's (Company) proposed change to the Schedule 193 surcharge collection rate from 3.66% to 3.54% along with the one-time customer refund of \$14.5 million for the 2019 program year.

Issue

On November 9, 2018, the Company filed proposed tariff changes to Utah Tariff Schedule 193 Demand Side Management (DSM) Cost Adjustment along with a one-time customer refund through Utah Tariff Schedule 194. The Company is requesting an effective date of January 1, 2019 for the surcharge change and the refund effective with customers' February 2019 bills. On November 9, 2018, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedules 193 and 194 and report its findings and recommendation to the

Commission by November 26, 2018. Subsequently the Commission issued a Notice of Filing and Comment Period giving interested parties until November 27, 2018 to provide comments, with reply comments due December 4, 2018. The Division provides these comments in response to the Commission's Action Request.

Discussion

The purpose of this filing is twofold: adjust the DSM surcharge rate to reflect the forecasted expenditures for 2019 and refund to customers the expected 2018 over collection. Exhibit A to the Company's filing provides actual and forecasted expenditures and revenue through December 2019. Exhibit B provides the forecast for the DSM balancing account at the current collection rate. The Company projects at the current rate the account balance will be over collected by approximately \$15.7 million and \$18.7 million at December 31, 2018 and December 31, 2019 respectively. The Company's Exhibit C incorporates the requested DSM surcharge decrease and one-time refund in February 2019 that results in a forecasted account balance at December 31, 2019 of approximately \$773,816.

Based on the Company's projections, the average residential customer would see a monthly decrease of approximately \$0.09, or 0.1 percent on their monthly bill beginning January 1, 2019. Also, customers will see a credit of approximately \$7.30 on their February 2019 bills.

The Division considers the Company's proposed reduction to the surcharge rate along with refunding \$14.5 million reasonable and would, based on projections, return the DSM Balancing Account to near zero by the end of 2019. The Division, in previous filings, has noted that the DSM Balancing Account is just that, a balancing account or pay-as-you-go program and not designed to retain funds year over year. Therefore, the changes are just and reasonable and in the public interest.

The Company has indicated that the 2019 Budget is conservative if past program spending is taken into account (excluding the Cool Keeper equipment replacement costs). The Division agrees. Concern has been expressed by a few stakeholders that the DSM Budget process has changed and as currently filed, limits additional measure adoption. The Division's understanding

is that the proposed 2019 Budget appears to be flexible enough to include additional measure adoption if it arises. The Division will continue to monitor the DSM balancing account and will provide recommendations to the Company and the DSM Steering Committee if needed.

The DSM Steering Committee reviewed the proposed change on October 30, 2018, and through follow-up discussions, agreed that a change to the collection rate and one-time refund is warranted.

Conclusion

The Division has reviewed the Company's filing and recommends the Commission approve the Schedule 193 rate change along with the one-time refund with an effective date of January 1, 2018 and February 2019 respectively.

Cc: Michael Snow, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List