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Division of Public Utilities

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Action Request Response

To: Utah Public Service Commission
From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Bob Davis, Utility Technical Consultant
Date: July 3, 2019
Re: Acknowledge, Docket No. 19-035-17 – Rocky Mountain Power’s Second Annual Sustainable Transportation and Energy Plan Act (“STEP”) Program Status Report.

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities (“Division”) has reviewed Rocky Mountain Power’s (“RMP”) second annual Sustainable Transportation and Energy Plan Act (“STEP”) Program status report (“Report”) for January 1, 2018 through December 31, 2018 per the Utah Public Service Commission’s (“Commission”) Order issued in Docket No. 16-035-36. The Division recommends the Commission acknowledge RMP’s 2018 Report with the conditions discussed herein.

Issue

On April 30, 2019, RMP filed with the Commission its second annual report for the STEP Program. On the same day, the Commission issued an action request to the Division to review RMP’s filing for compliance and to make recommendations by May 30, 2019. On May 2, 2019, the Division filed a request to extend the comment period to July 3, 2019. On May 3, 2019, the Commission issued its Memorandum granting the Division’s extension request. The following is the Division’s recommendation and compliance review of RMP’s second annual STEP Program filing.

Background

Senate Bill 115 (“SB 115”), the Sustainable Transportation and Energy Plan Act, passed during Utah’s 2016 legislative session codified in part as Utah Code Ann. Section 54-7-12.8.¹ That section is now entitled, “Electric energy efficiency, sustainable transportation and energy, and conservation tariff.” Section 54-7-12.8(6) outlines the funding for the STEP Program.

Utah Code Ann. Sections 54-20-101 through 54-20-105 define the STEP programs available to large-scale utilities dependent upon Commission approval during the 5-year pilot period. The programs authorized within the act include Electric Vehicle Incentive,² Clean Coal Technology,³ and Innovative Utility Programs.⁴

The large-scale utility, with Commission approval, can spend approximately \$10,000,000 per year on various programs authorized by the act. Except for the Electric Vehicle Incentive Program (“EV Program”), which is capped at a use-or-lose \$2,000,000 per year. The other programs, Clean Coal Technology and Innovative Utility, can budget monies year-to-year as long as the total is no more than \$50,000,000, including the EV Program, at the end of the pilot.⁵

On September 12, 2016, RMP filed its application with the Commission to implement programs authorized by the STEP Act. During the Commission’s first scheduling conference on September 21, 2016, the parties agreed to proceed with Docket No. 16-035-36 in what would become five phases and one request to modify funds within the Clean Coal Technology Program. Phase One established the \$50,000,000 funding budget from 2017 through 2021 and the STEP balancing account to hold and track STEP funds, STEP expenditures, unrecovered Utah Solar Incentive Program (“USIP”) costs, and carrying charges. Phase One also established the cost capitalization of demand side management (“DSM”) expenditures and the amortization of these costs over a period of 10 years. It also established a regulatory liability using the DSM surcharge funds as a mechanism to depreciate thermal generation plant or other environmental regulation the Commission determines is in the public interest. The Commission’s Phase One Report and

¹ See https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

² See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S103.html?v=C54-20-S103_2016051020160510.

³ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S104.html?v=C54-20-S104_2016051020160510.

⁴ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S105.html?v=C54-20-S105_2016051020160510.

⁵ See Subsection (6), https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

Order ended the USIP program, proposed revisions to tariff Schedule Nos. 107, 193, and 195, created tariff Schedule No. 196, approved the nitrogen oxide (“NOx”) portions of the Clean Coal Technology Program, approved a Solar and Energy Storage program, and approved a pollution curtailment program at the Gadsby generation facility. Phase Two established the Advanced Substation Metering Program, Commercial Line Extension Program, and other Clean Coal Technology and Innovative Utility programs. Phase Three established the EV pilot study and Time-of-Use (“TOU”) programs. Phase Four established programs to study smart inverter settings and microgrid impacts on the distribution system. On June 28, 2019, the Commission approved Phase Five, establishing the Intermodal Hub Project, the Battery Demand Response Project, and the Advanced Resiliency Management System Project.⁶

On November 13, 2018, RMP filed with the Commission its application to modify funding amounts previously authorized by the STEP Plan Act and allocate additional funds to the Solar and Storage Technology Project.⁷ On February 6, 2019, the Commission approved RMP’s application.⁸

RMP continues to provide informal status updates for select STEP programs (“EV and Microgrid”) to interested parties since the Commission’s original Phase One Report and Order approving the pilot program.⁹ The Commission ordered RMP to report the annual status of the various programs following a general format¹⁰ agreed to by the parties. RMP requested that it file its STEP report concurrently with its Report of Annual Operations. This is the second annual status report filed by RMP for the STEP Program.

Discussion

The Commission directed RMP to update interested parties annually on the status of all programs approved by the Commission under the STEP Act. The Division is interested in the progress of each program, program funding disseminated in tariff Schedule No. 196, carrying

⁶ See <https://pscdocs.utah.gov/electric/16docs/1603536/306971AplImplProgAuthSTEP3-8-2019.pdf>.

⁷ See <https://pscdocs.utah.gov/electric/16docs/1603536/305479RMPApp11-13-18.pdf>.

⁸ See <https://pscdocs.utah.gov/electric/16docs/1603536/3065761603536o2-6-2019.pdf>.

⁹ Rocky Mountain Power STEP Project Update, March 12, 2018. Renewable and EV Programs Meeting, March 21, 2018.

¹⁰ See <https://pscdocs.utah.gov/electric/16docs/1603536/297254CorresWiderburg10-12-2017.pdf>, October 12, 2017.

charges, actual expenditures compared to forecast expenditures, and internal operational, maintenance, administrative, and general expenses (“OMAG”)¹¹ (accounted for within each program), and external OMAG expenses (unknown expenses that occur because of the program) for each program. There are fourteen projects approved by the Commission for this reporting in addition to USIP Program expenses. The Alternative NOx Reduction Project is abandoned and the three projects approved in Phase Five bring the total to sixteen projects going forward. The following summarizes each program’s status, budgeted funds, and actual funds spent.

DSM, Regulatory Liability, USIP, and Carrying Charge

RMP includes a summary of the STEP/DSM Assets and Liabilities for calendar year 2017 and 2018 in the report.¹² The Division appreciates RMP’s efforts to include this high-level presentation of annual spending, annual capitalization, annual expenses, asset and liability balances, and carrying charges for the reporting period. RMP also includes a summary of the USIP Program expenditures per Commission Order in Docket No. 18-035-16.¹³

The USIP Program was a 5-year program approved by the Commission in 2012 to reimburse customers who wanted to install distributed solar generation. Prior to SB 115, the USIP program funding came from a surcharge to customers disseminated in tariff Schedule No. 195. SB 115, and later approved by the Commission in its Phase One Order, required RMP to stop taking new applicants into the USIP program after December 31, 2016. RMP’s reimbursement obligations to those customers participating in the USIP Program prior to its abolition still exist and are shown as an expense in the STEP budget.

RMP’s original estimate for the USIP 5-year STEP pilot program included equal expenditures of \$2,584,112 in each year.¹⁴ RMP’s 2017 STEP and USIP Summary (“RMP Exhibit A”), filed with its April 30, 2018 report, illustrate almost double the estimated expenditure.

¹¹ Docket No. 16-035-36, Commission Phase One Report and Order, December 29, 2016, at page 16, ¶ 7, Commission Phase Two Report and Order, May 24, 2017, at page 13, ¶ 5, Commission Report and Order, October 31, 2017, at page 12, ¶ 4.

¹² Rocky Mountain Power’s Second Annual STEP Program Status Report, April 30, 2019, page 1.1.

¹³ Public Service Commission Order, Docket No. 18-035-16, August 3, 2018, page 7, Section 3.

¹⁴ Docket No. 16-035-36, Rocky Mountain Power’s, Application, Table 1, STEP Funding Budget, page 4.

RMP's response to the Division's Data Request 1.3 in Docket No. 18-035-16 explained that the variance was due to a combination of several things not considered at the time of the application. First, the \$2,584,112 was estimated revenue collection needed to amortize the USIP account by 2021, which was only part of the estimated total program costs. Second, the estimated total cost for 2017 was \$9,344,310 based on 100 percent incentive payout. Finally, RMP claims that 32 percent of customers who paid a deposit under the USIP Program did not complete their projects. This year's filing illustrates the correct USIP expense amount of \$4,735,412 for 2017.¹⁵

At the conclusion of the USIP Program on December 31, 2016, Residential and Small Non-Residential had 12 months to complete projects from the time the capacity reservation was secured.¹⁶ Large Non-Residential customers had 18 months to complete projects from the time the reservation capacity was reserved.¹⁷ Residential and Small Non-Residential installation completion expired on December 31, 2017 and Large Non-Residential on June 30, 2018.

On May 31, 2019, RMP filed with the Commission its 2019 Annual USIP Report for the 2018 calendar year.¹⁸ This report is currently under review by stakeholders. RMP's USIP Report provides minor revisions that occurred after the 2019 STEP Report was filed. Although the Commission has not ruled on this year's USIP report, the USIP Report informs the STEP accounting and those revisions need mentioning in this STEP Report.

In its 2019 Annual USIP Report, RMP makes note of four adjustments to reconcile Table 2, USIP Account Summary (with Electric Service Schedule 107 revenues only), page 16.0, in the 2019 STEP Report to Table 4 in the USIP Report.¹⁹ Note that Table 4 does not include STEP surcharge revenue for 2017 or 2018 and includes reporting for 2019 through May 8, 2019.

¹⁵ Rocky Mountain Power's Second Annual STEP Program Status Report, April 30, 2019, page 1.0.

¹⁶ See RMP Tariff Schedule No. 107, Program Process, ¶6. RMP claims in its Report that residential and small non-residential had to have their projects completed by December 31, 2017 to receive incentive funding.

¹⁷ Customers would have until June 30, 2018 to complete projects for large non-residential projects approved by December 31, 2016.

¹⁸ See [https://pscdocs.utah.gov/electric/19docs/1903525/308535SolarPhotIncProg\(Sch107\)2019AnnRep5-31-2019.pdf](https://pscdocs.utah.gov/electric/19docs/1903525/308535SolarPhotIncProg(Sch107)2019AnnRep5-31-2019.pdf).

¹⁹ See <https://psc.utah.gov/2019/05/31/docket-no-19-035-25/>, Workpaper 1 – 2019 USIP Report.

The Division includes the minor revisions reported by RMP in Table 1 below from the 2018 USIP report including STEP surcharge revenues for 2017 and 2018. Note that Table 1 does not include the 2019 expenditures as illustrated in Table 4 of the USIP Report.²⁰

Table 1

Corrected USIP Account Summary (with STEP Collections)

Utah Solar Incentive Program Account - Through 2018							Revenue from STEP	
	Program Total	2012	2013	2014	2015	2016	2017	2018
Program Revenue	(29,707,190)	(961,324)	(6,293,704)	(6,320,828)	(6,317,639)	(6,323,285)	(2,664,945)	(825,465)
Program Expenditures:								
Incentive	19,713,917	-	981,796	2,328,676	3,292,006	4,884,763	4,766,963	3,459,713
Program Administration	1,284,329	-	253,665	322,664	173,248	412,866	94,788	27,098
Marketing	132,495	55,905	35,744	25,995	14,515	336	-	-
Program Development	130,465	30,748	99,140	577	-	-	-	-
Expired Deposits	(240,352)	-	-	-	(36,821)	(103,963)	(99,568)	-
Cool Keeper program	(200,000)	-	-	-	-	(200,000)	-	-
Total Expenditures	20,820,853	86,653	1,370,345	2,677,912	3,442,948	4,994,002	4,762,183	3,486,811
Interest	(3,303,771)	(5,995)	(219,165)	(473,909)	(721,712)	(685,628)	(627,425)	(569,938)
USIP Account Balance	(12,190,108)							

The USIP Account Balance is reported as \$11,846,570 in this year's filing.²¹ The difference between the reported \$11,846,570 and adjusted \$12,190,108 is the result of USIP account adjustments made after the filing of the 2019 STEP Report. The Division recommends the Commission direct RMP to correct and refile the STEP and USIP Summary, page 1.0.

The STEP legislation closed the USIP Program and included the remaining balance to provide funds to start the STEP Program. The STEP Plan Act authorized RMP to create a new tariff, (Schedule 196), for collection of funds from customers to augment the USIP balance. The Schedule 196 surcharge helps fund the STEP Program while Schedule 193 (Demand Side Management Cost Adjustment or DSM) are used to fund energy efficiency projects separate from the STEP Program.

Both of these surcharges are accrued accounts in RMP's accounting system with associated carrying charges. The carrying charge for revenues collected under Schedule 193, DSM, is calculated using the pre-tax weighted average cost of capital approved by the Commission in the most recent general rate case.²² The funds collected under Schedule 196,

²⁰ Id., Table 4, USIP Account Summary, page 3.

²¹ Rocky Mountain Power's Second Annual STEP Program Status Report, April 30, 2019, Table 1, page 16.0.

²² See Section (2)(b)(iii), <https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-7-12-8.html>.

along with the USIP funds previously collected under Schedule 107 use the average of the annual Aaa and Baa corporate bond interest rates approved by the Commission annually to calculate the carrying charge.²³ The STEP and USIP fund rates are effective from April 1st of each year through March 31st of the following year. The STEP and USIP carrying charge reported for 2018 is \$874,261.

Electric Vehicle Incentive Program

The EV Program is the only STEP program that has an annual use-or-lose budget, which is \$2,000,000.²⁴ The Commission approved the EV Program on June 28, 2017, and included funding for a TOU Rate Pilot, Administrative, Outreach, and charging infrastructure incentives. RMP uses its best efforts to spend the \$2,000,000 annually, constrained by the timing of charger installations. RMP awards incentives for various levels of customers under two time horizons. Prescriptive incentives (Non-Residential AC Level 2 Chargers-Single Port, Non-Residential AC Level 2 Chargers-Multi Port, and Non-Residential & Multi-Family DC Fast Chargers) follow a fiscal year from October 1st through September 30th each plan year.²⁵ Committed funds for custom incentives follow the calendar year. Custom incentives are paid at the completion of the project and often adjusted from the initial incentive request. Custom incentives are booked in the program year and expensed in the next year's STEP EV account.

The expenses relating to the TOU Pilot (including meters), Administrative, and Outreach comprise \$399,300 of 2018 expenses.²⁶ In response to DPU Data Request 1.6 (b) in Docket No. 18-035-16, RMP confirms that it inadvertently omitted \$32,684 of external OMAG expense attributable to the EV Program in the 2017 calendar year expenditures. In response to DPU Data Request 2.1 in this docket, RMP claims that it transferred the \$32,684 to the EV Program SAP accounts for this year's report.²⁷

²³ *Id.*, Section (7)(d).

²⁴ See 54-7-12.8(6)(b)(i), https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

²⁵ Commission Phase 3 Report and Order, June 28, 2017, page 4-5. RMP witness William J. Comeau, Direct Testimony, lines 180-181, "...however, applications at that point may be considered as part of the subsequent PEV Program year and associated available funds."

²⁶ Rocky Mountain Power's Second Annual STEP Status Report, Exhibit 2-E.

²⁷ Rocky Mountain Power's response to DPU Data Request 2.1, Docket No. 19-035-17, June 3, 2109.

RMP reports \$388,584 of prescriptive charger incentives paid in 2018 comprised of 331 AC Level 2 and DC Fast charging ports from October 1, 2017 through September 30, 2018.²⁸ Of those, 280 ports were installed across 75 employers and 51 ports were installed across 9 multi-family properties.²⁹

RMP reported \$1,359,874 in custom projects (Projects 1-9) in 2017 comprised of 1 electric bus charger, and 56 AC Level 2 and DC Fast chargers. The actual incentives paid for those projects was \$1,093,820 attributable to the 2018 EV Program budget.³⁰ RMP reports four custom projects committed in 2018 totaling \$998,500 and expensed in 2019.³¹

The actual spend for 2018, including commitments, is \$1,881,704. Table 2 summarizes the Electric Vehicle Incentive Program expensed and committed in 2018.

Table 2
2018 Electric Vehicle Charging Infrastructure

Program	2018 Calendar Year Expenses	2018 Budget Commitments	Program Management	Actual 2018 Expenses and Commitments
Time of Use Rate Sign-Up	\$ 24,000	\$ -	\$ -	\$ 24,000
Time of Use Load Research Study	\$ 10,000	\$ -	\$ -	\$ 10,000
Time of Use Meters	\$ -	\$ -	\$ 79,394	\$ 79,394
Non-Res AC Level 2 Single Port Chargers	\$ 109,990	\$ -	\$ -	\$ 109,990
Non-Res AC Level 2 Single Multi-Port Chargers	\$ 180,716	\$ -	\$ -	\$ 180,716
Non-Res & Multi Family DC Fast Chargers	\$ 97,878	\$ -	\$ -	\$ 97,878
Custom Project Commitments	\$ -	\$ 1,093,820	\$ -	\$ 1,093,820
Administrative Costs	\$ -	\$ -	\$ 176,427	\$ 176,427
Outreach & Awareness Expenditures	\$ -	\$ -	\$ 109,479	\$ 109,479
Exrternal OMAG	\$ -	\$ -	\$ -	\$ -
Total	\$ 422,584	\$ 1,093,820	\$ 365,300	\$ 1,881,704

The Commission's Phase Three Order adopted the parties' suggestion for additional reporting requirements relating to the EV TOU portion of the program.³² RMP provides updates for the EV Program and TOU Pilot to stakeholders during the plan year. The time of use and load research study had its first full year in 2018. RMP claims a total of 112 customers received

²⁸ Rocky Mountain Power's Second Annual STEP Status Report, Exhibit 2-E.

²⁹ *Id.*, Table 2, pages 2.1-2.2.

³⁰ *Id.*, Exhibit 2-C.

³¹ *Id.*, Table 3, pages 2.2-2.3.

³² Commission, Phase Three Report and Order, Docket No. 16-035-36, June 28, 2017, Exhibit D, EV TOU Pilot Reporting Requirements.

incentives from 2018 budget funds for participating in the time of use (“TOU”) program, apart from the load research study. RMP claims it had an enrollment of 126 customers in the TOU program by the end of the 2018 fiscal year. RMP claims the load research study recruited 99 customers comprised of 40 in the control group not subject to the time-varying rate and 59 on one of the two TOU rate options. Preliminary results of the study were shared with stakeholders at a meeting held February 7, 2019.³³

The Division’s review of the EV Program portion of RMP’s 2018 report found it to be reasonably explanatory in detail and much more comprehensive than last year’s report. The Division concludes that RMP followed the Commission’s 2018 Order in additional reporting requirements for the EV Program. RMP used \$1,881,704 of the \$2,000,000 available 2018 EV Program funds.

Clean Coal Technology Programs

RMP recommended in its 2017 report that the Alternative NOx Reduction Project be abandoned and the remaining funds be allocated to other programs. The Commission approved RMP’s request to abandon the Alternative NOx Project in its Order dated August 3, 2019.³⁴ On November 13, 2018, RMP filed its application with the Commission to modify funding amounts for previously approved STEP programs under the Clean Coal Technology Program.³⁵ On February 6, 2019, the Commission approved RMP’s application to reallocate remaining funds from the Alternative NOx Reduction project comprised of \$748,980 to the Woody Waste Co-Fire Project, and \$412,521 to the Cryogenic Carbon Capture Project.³⁶

RMP adjusted its 2018 SAP accounts to include 2017 external OMAG expenses. RMP provides an explanation for each external OMAG expense in this year’s report following the Commission’s Order in Docket No. 18-035-16. The external OMAG expense consists of \$26,010³⁷ in the abandoned NOx project, \$94,029 for a contractual payment to the University of

³³ Rocky Mountain Power’s Second Annual STEP Status Report, pages 2.4-2.5.

³⁴ Public Service Commission Order, Docket No. 16-035-36, August 3, 2018, page 7, Section 2.

³⁵ Rocky Mountain Power’s Application to Modify Funding Amounts Previously Authorized by the STEP Plan Act, November 13, 2018.

³⁶ Public Service Commission Order, Docket No. 16-035-36, February 6, 2019, page 11, Section 1.

³⁷ RMP originally booked \$170,356 for the RFP and owner’s engineer services. This amount included \$131,405 expensed in 2017 and \$38,951 accrued in 2018 with \$12,941 subsequently reversed.

Utah for services performed on the CO₂ Enhanced Coal Bed Methane Recovery Project, and \$530,289 contained in the Cryogenic Carbon Capture Project for contractual payments to Sustainable Energy Solutions for services performed on the project.

Table 3
2018 Clean Coal Technology Programs

Program	Status	Budget	Spend	External OMAG	Total
Woody-Waste Co-Fire Biomass	On-Target	\$ 177,032	\$ 230,777	\$ -	\$ 230,777
Neural Network Optimization	On-Target	\$ 178,924	\$ 207,616	\$ -	\$ 207,616
Alternative NOx Reduction	Cancelled	\$ -	\$ -	\$ 26,010	\$ 26,010
CO ₂ Enhanced Coal Bed Methane Recovery	On-Target	\$ 62,500	\$ -	\$ 94,029	\$ 94,029
Cryogenic Carbon Capture (CCC)	On-Target	\$ 668,301	\$ -	\$ 530,289	\$ 530,289
CarbonSafe	Complete	\$ -	\$ -	\$ -	\$ -
Solar Thermal Integration - Hunter Plant	On-Target	\$ -	\$ -	\$ -	\$ -
Total		\$ 1,086,757	\$ 438,393	\$ 650,328	\$ 1,088,721

The Clean Coal Technology Program is on-target with some projects completed. It is within the original budget of \$1,407,167, including the budget modifications reported above.³⁸

Innovative Utility Programs

In its November 13, 2018 application filed with the Commission to modify funding amounts for previously approved STEP programs, RMP requested higher incentive amounts for the Commercial Line Extension Project and additional funding for the Panguitch Solar plus Storage Project. On February 6, 2019, the Commission approved RMP’s application to raise the incentive amount for the Commercial Line Extension project from \$50,000 to \$250,000. The original maximum budget amount of \$2,500,000 for the project remains the same.³⁹ RMP will reflect the additional \$1.75 million of approved funds for the Panguitch Solar plus Storage Project in next year’s report.⁴⁰

³⁸ Docket No. 16-035-36, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Act, September 12, 2016, Table 1 STEP Funding Budget, at page 4.

³⁹ Public Service Commission Order, Docket No. 16-035-36, February 6, 2019, page 11, Section 2.

⁴⁰ Id., Section 3.

RMP provides an explanation for the external OMAG expenses of \$439,244 contained in the Innovative Utility Program in this year’s report. The \$89,246 was a contractual payment to Utah State University for services performed on the Microgrid Project. The \$349,998 contained in the Smart Inverter Project consists of a contractual payment to Electrical Power Research Institute roughly in the amount of \$250,000 for services performed and a contractual payment to Utah State University of \$100,000. Table 4 summarizes the Innovative Utility programs.

Table 4
2018 Innovative Utility Programs

Program	Status	Budget	Spend	External OMAG	Total
Advanced Substation Metering	On-Target	\$ 550,000	\$ 427,349	\$ -	\$ 427,349
Commercial Line Extension	On-Going	\$ 500,000	\$ 69,340	\$ -	\$ 69,340
Gadsby Emissions Curtailment	On-Going	\$ 100,000	\$ -	\$ -	\$ -
Panguitch Solar and Energy Storage	On-Target	\$ 2,350,000	\$ 75,474	\$ -	\$ 75,474
Microgrid	On-Target	\$ 70,000	\$ 1,467	\$ 89,246	\$ 90,713
Smart Inverter	Complete	\$ 450,000	\$ 33,861	\$ 349,998	\$ 383,859
Total		\$ 4,020,000	\$ 607,491	\$ 439,244	\$ 1,046,735

The Innovative Utility Program is on-target; the Smart Inverter Project is complete. The program is within the original project budget of \$3,800,000.⁴¹

Budget Summary

The beginning balance for 2018 was \$19,887,838.⁴² Surcharge Collections through Schedule 196 for 2018 was \$10,725,962. The Division concludes the variance between the \$10,725,962 collected in 2018 and the \$9,756,984 collected in 2017 is reasonable compared to the \$10,000,000 (average of 2017 and 2018 surcharges is \$10,241,473 or 2.4 percent) authorized by the Commission. The Division concludes the surcharge rates under Schedule 136 appear to be reasonable. The Division plans to review the surcharge collections in subsequent reporting years.

⁴¹ Docket No. 16-035-36, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Act, September 12, 2016, Table 1 STEP Funding Budget, at page 4.

⁴² Rocky Mountain Power’s Second Annual STEP Program Status Report, April 30, 2019, page 1.0.

Total expenditures for 2018, including the external OMAG expenses reported above for the Clean Coal Technology and Innovative Utility Programs, is \$7,495,340. With a 2018 carrying charge of \$874,261, the 2018 ending balance is \$23,992,721. Table 5 summarizes the STEP Program budget for 2018.

Table 5
2018 STEP Program Budget

Beginning Balance	\$ 19,887,838
Surcharge Collections	\$ 10,725,962
Less: 2018 Spend	\$ (7,495,340)
Carrying Charge	<u>\$ 874,261</u>
Ending Balance	\$ 23,992,721

The Division notes that RMP has included the external OMAG expenses reported above in the associated STEP accounts for the various projects.

Table 6 illustrates the cumulative totals for 2017 and 2018.

Table 6
2017/2018 Cumulative STEP Program Budget

Beginning Balance	\$ 15,850,031
Surcharge Collections	\$ 20,482,947
Less: 2018 Spend	\$ (13,963,787)
Carrying Charge	<u>\$ 1,623,531</u>
Ending Balance	\$ 23,992,722

Compared to the original combined expense forecast of \$18,267,595 for 2017 and 2018 and the combined surcharge collection of \$20,000,000 for both years, the STEP Program is running better than expected. Modifications to the STEP funding, as a result of further proceedings (modifications of previously approved funds and Phase Five), might change the individual STEP project funding. However, the annual program budget must comply with the statute.

Conclusion

The Division has reviewed RMP’s second annual STEP Program status report for January 1, 2018 through December 31, 2018 per the Commission’s Order issued in Docket No. 16-035-36. The Division concludes RMP followed the Commission’s August 3, 2018 Order for

additional reporting requirements. Therefore, the Division recommends the Commission acknowledge RMP's 2018 STEP Status Report with the following recommendation:

Update and refile with the Commission the STEP and USIP Accounting Summary, page 1.0 to include the updates made to Table 4 in the 2019 Annual USIP Report.

Cc: Joelle Steward, RMP
Jana Saba, RMP
Daniel Solander, RMP
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Service List