

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Rocky Mountain Power for
Approval of an Indoor Agricultural Lighting
Tariff, Electric Service Schedule No. 22

DOCKET NO. 19-035-T06
ORDER APPROVING TARIFF

ISSUED: July 10, 2019

SYNOPSIS

The Public Service Commission (PSC) approves Electric Service Schedule No. 22 – Indoor Agricultural Lighting Service – 1,000 kW and Over, effective August 1, 2019. The PSC also adopts the reporting and filing commitments Rocky Mountain Power (RMP) presented in its written rebuttal testimony.

I. Procedural History

On April 4, 2019, RMP filed an application (“Application”) with the PSC requesting approval of its proposed new Electric Service Schedule No. 22 – Indoor Agricultural Lighting Service – 1,000 kW and Over (“Schedule 22”), Sheet Nos. 22.1 through 22.3. The Application includes necessary revisions to Index Sheet No. B.

On April 24, 2019, the PSC issued a Scheduling Order, Notice of Hearing, and Order Suspending Tariff (“Scheduling Order”). On June 6, 2019, the Division of Public Utilities (DPU) filed written direct testimony and the Office of Consumer Services (OCS) filed comments. On June 25, 2019, RMP filed its rebuttal testimony. On June 26, 2019, RMP filed an Offer of All Filed Evidence.

On June 27, 2019, the PSC issued a Notice requesting the Parties address specific questions through additional comments or at the hearing set for July 2, 2019. On June 28, 2019, RMP notified the PSC that the Parties preferred the PSC hold the hearing as scheduled. The PSC held a hearing on July 2, 2019 to consider the Application, at which witnesses for RMP, the DPU, and the OCS testified.

II. The Application

As proposed, Schedule 22 will be available for any customer with an indoor agricultural lighting load that has registered one MW or greater more than once in the preceding 18-month period and that uses at least 75 percent of its energy for indoor agricultural lighting, subject to other stated eligibility requirements. Schedule 22 rates are based on the respective service delivery voltage (i.e., secondary, primary, or transmission voltage) and include a Customer Service Charge, a Facilities Charge, Power Charges, and Energy Charges. RMP requests an effective date of August 1, 2019 for Schedule 22, and the schedule will be available after the total load eligible for service under the schedule exceeds 30 MW.¹ RMP represents the new Schedule 22 offers cost-based rates reflecting the unique load profile of qualifying indoor agricultural lighting customers.

RMP identified the need for Schedule 22 following an inquiry from an agricultural customer (“Customer A”) seeking alternative rate schedule options to Electric Service Schedule No. 9 – General Service High Voltage (“Schedule 9”). RMP represents that differences in usage patterns for Customer A and similar customers qualify for separate class treatment in its class cost of service study. RMP states that Schedule 22 is time sensitive because Customer A is planning to expand its facilities soon. RMP asserts it could offer Customer A lower prices in conjunction with its expansion without increasing costs to other customers. RMP estimates that Customer A’s additional load after expansion produces a net benefit of \$1.218 million.

¹ The “Availability” provision of Schedule 22 states: “At any point on [RMP’s] interconnected system where there are facilities of adequate capacity and after eligible load exceeds 30 MW.”

RMP proposes the proposed Schedule 22 only become effective once Customer A's expansion materializes. RMP asserts Schedule 22 is in the public interest, presents cost-based rates for Customer A, and sends appropriate price signals to other similar customers that are contemplating locating their operations in RMP's service territory.

III. Parties' Recommendations Regarding Approval of Schedule 22

a. The DPU

The DPU believes the proposed Schedule 22 provides an economic opportunity that would benefit all Utah customers and determined the proposed Schedule 22 rates are cost based. The DPU concludes that Schedule 22 is in the public interest and recommends the PSC approve it with certain conditions.

The DPU expresses concern about the possibility that a customer under Schedule 22 may choose to use energy during the peak period. To discourage this, the DPU recommends that RMP take steps to ensure that customers who shift their energy usage to peak periods will no longer be eligible for service under Schedule 22.

The DPU is also concerned that other customers with unique characteristics may demand their own rate schedule, citing as precedent other tariffs serving one customer. The DPU recommends the PSC ensure that a utility company or a customer requesting its own schedule demonstrate: (1) the customer operates in a manner significantly different from the operations of a typical customer on its current electric service schedule; (2) other customers will not be harmed; and (3) there is a net benefit to the system. According to the DPU, these three criteria appear to be present in the Schedule 22 Application.

b. The OCS

The OCS does not oppose implementation of Schedule 22 and takes no issue with RMP's cost of service results. However, the OCS is concerned with certain aspects of Schedule 22.

The OCS views RMP's assurance that Schedule 22 would not harm other customers as a critical element of its proposal and expresses concern that if total Schedule 22 loads drop below 30 MW there would be an adverse financial impact on other customers. If this occurs, the OCS recommends that RMP be required to immediately file with the PSC to suspend or cancel Schedule 22 and move those customers to an appropriate alternate schedule or otherwise demonstrate that Schedule 22 does not cause harm to other customers.

Like the DPU, the OCS is concerned that creating a special tariff rate based on a single customer's characteristics could lead to additional customers making similar claims to justify development of a new rate schedule specific to their needs. For any future special tariff request based on a specific customer, the OCS recommends that RMP should show why such a tariff is needed and demonstrate it will not result in cost shifting to other customers.

The OCS believes that, if approved, Schedule 22 customers should be subject to the same surcharge adjustments in Electric Service Schedule No. 80 – Summary of Effective Rate Adjustments (“Schedule 80”), as Schedule 9 customers as well as any future surcharge adjustments the PSC approves. The OCS recommends the PSC clearly identify this requirement in an order approving Schedule 22.

The OCS recommends the PSC require RMP to advise potential future Schedule 22 customers that, as with all tariffs, all aspects of Schedule 22 are subject to change, including rates, terms, and conditions. The OCS asserts this notice is especially important in the case of

Customer A in light of its pending decision to expand its operation based, at least in part, on the approval of Schedule 22.

c. RMP's Responses to Parties' Recommendations

Responding to the DPU's and the OCS's concerns relating to cost shifting, RMP represents it will be able to measure cost shifting for Schedule 22 customers after it has a full year's experience with customers on Schedule 22. RMP states it had informal discussions with the DPU and the OCS and agreed to perform the following steps to monitor Schedule 22 performance ("Monitoring Program"): (1) RMP will identify the Schedule 22 class's non-coincident peak demand and determine the percentage change from current revenues needed to achieve full cost of service in its annual cost of service filings; and (2) if Schedule 22's non-coincident peak demand falls below 20 megawatts and the cost of service study indicates that a greater than ten percent increase in revenues would be required for the class, within 60 days RMP will file with the PSC to either suspend Schedule 22 or provide a demonstration that Schedule 22 does not harm other customers.

Pertaining to surcharge adjustments, RMP agrees with the OCS that Schedule 22 should be subject to Schedules 80, 91, 94, 98, 193, 196, and 197. If the PSC approves Schedule 22, RMP states it will include in a compliance filing necessary revisions to clarify that applicability.

RMP agrees with the DPU's and the OCS's concerns pertaining to the creation of a new schedule. RMP believes it has satisfied these conditions in its Application. RMP also agrees to communicate with Customer A and clarify that all aspects of Schedule 22, including its continued existence, are subject to change.

At hearing, the OCS and the DPU testified RMP's rebuttal testimony and proposed Monitoring Program addressed their concerns and recommendations pertaining to Schedule 22.²

IV. Discussion, Findings, and Conclusions

Based on RMP's rebuttal testimony and the testimony at hearing, we find RMP's proposed Monitoring Program addresses the concerns of the OCS and the DPU regarding the potential for cost shifting. We find RMP's proposal will provide information sufficient to determine whether cost shifting occurs or changes otherwise need to be made to Schedule 22. Therefore, we accept and adopt RMP's proposed Monitoring Program.

For consistency, we conclude Schedule 22 should be subject to the same regulatory surcharges as Schedule 9. We find RMP's proposal regarding a compliance filing to include the necessary modifications to the relevant schedules addresses this issue and we accept and adopt it.

We find RMP's proposal to communicate with Customer A regarding possible future rate and schedule changes appropriately addresses the OCS's concern pertaining to Customer A. We encourage RMP to discuss this issue with future Schedule 22 customers.

Based on RMP's Application, the filed comments and written testimony, and testimony at hearing, we find Schedule 22 will not result in cost shifting and will contribute to the efficient usage of RMP's system. Accordingly, we conclude Schedule 22 is just, reasonable, and in the public interest.

² RMP, the DPU, and the OCS also testified on the potential impact of Utah Code Title 4, Chapter 41a, Cannabis Production Establishments. RMP does not anticipate cannabis producers qualifying for Schedule 22, the DPU testified that if cannabis producers qualify for Schedule 22 they will not impose a negative impact on other customers, and the OCS indicated a desire to consider the issue in future cost of service studies.

ORDER

1. We approve Schedule 22, including Tariff Sheet Nos. 22.1 through 22.3 as filed in the Application, with an effective date of August 1, 2019.
2. We approve RMP's amendments to Index Sheet B as filed.
3. We direct RMP to file updates to all surcharge-related electric service schedules to include Schedule 22 as agreed to in its rebuttal testimony within 15 days of the date of this order.
4. We direct RMP to include Schedule 22 in all future cost of service studies.
5. We approve and adopt RMP's proposed Monitoring Program.

DATED at Salt Lake City, Utah, July 10, 2019.

/s/ Michael J. Hammer
Presiding Officer

Approved and confirmed July 10, 2019 as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#309112

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on July 10, 2019, a true and correct copy of the foregoing was served upon the following as indicated below:

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