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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: January 13, 2020

Subject: Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 194 (Demand Side Management Credit) Docket No. 19-035-T18

Background

On December 30, 2019, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) proposed tariff sheets associated with Schedule 194 (Demand Side Management Credit or DSM Credit) to implement a one-time customer refund (Application). On January 2, 2020, the Commission issued a Notice of Filing and Comment Period setting the dates by which interested parties may provide comments and reply comments as January 13 and January 21, 2020, respectively. The Office of Consumer Services (Office) responds accordingly.

Discussion

In its December 30, 2019 filing the Company explains that the projected DSM surcharge collection of \$63.8 million during the twelve month period ending December 2020 will “adequately” cover anticipated 2020 DSM expenditures of \$64.9 million. Thus, the Company does not propose to adjust the DSM collection rate under Schedule 193. However, the Company proposes a one-time customer refund of \$22 million to address the over-collected DSM balancing account. The Company proposes to refund the amount through Schedule 194 on customers’ February / March¹ bill. The average credit per household will be \$10.66.

On November 1, 2019², the Company submitted its projected DSM savings and expenditures for 2020 and an analysis of the DSM Surcharge balancing account (Forecast Report). The analysis

¹ The filing indicated February/March 2019, but the correct date is February / March 2020.

² Docket No. 19-035-28.

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reflected an accrual-based over collection of \$18.1 million in the deferred account as of September 30, 2019, and projected the accrual-based balance to be over collected by \$14.8 million by December 31, 2020. The balancing account analysis has been updated to account for November actuals, and the Company now forecasts an accrual based over collection of \$17.9 million by December 31, 2020, at the current collection rate.

To support its request the Company's Application includes Exhibit A, which provides projected expenditures for the Company's Utah DSM programs through 2020, and Exhibit B that provides current program expenditures and DSM Surcharge revenue at the current collection rate through 2020. These exhibits were previously provided with the Forecast Report, but they have been updated to reflect November 2019 actuals and an updated expenditure forecast for December 2019. Exhibit B shows that at current rates the accrual-based balance will be over collected by \$17.9 million as of December 31, 2020, and the cash-based balance will be over collected by \$23.6 million. Hence the request to refund \$22 million.

Exhibit C reflects the forecasted balances of the balancing account at current rates with the one-time \$22 million refund proposed in the Company's application. At Schedule 193 current rates with a one-time \$22 million customer refund to be implemented in February 2020, the cash-based accumulated balance is projected to be under collected by approximately \$283,000 as of December 31, 2020.

The Office typically supports maintaining a lower balance in balancing accounts, though in Docket No. 18-035-T05 where Schedule 194 was created we supported a smaller refund with the idea that having some additional DSM funding available was prudent, based on DSM Steering Committee discussions taking place at that time. However, based on the continued nature and the size of the over-collection amount the Office believes that it is in the public interest to now return the excess funds to ratepayers. Therefore, the Office supports the Company's request to issue a \$22 million one-time refund to customers.

Office Recommendation

The Office recommends that the Commission approve the Company's request to provide a one-time Schedule 194 DSM credit in the amount of \$22 million effective February 1, 2020.

CC: Michael Snow, Rocky Mountain Power
Chris Parker, Division of Public Utilities