



GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

Department of Commerce Division of Public Utilities

CHRIS PARKER
Interim Executive Director

CHRIS PARKER
Director, Division of Public Utilities

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Justin Christensen, Utility Analyst

Date: April 8, 2020

Re: **Docket No. 20-035-16**, Rocky Mountain Power's 2019 Annual Report of the Blue Sky Program

Recommendation (Acknowledge)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (Company) 2019 Annual Report of the Blue Sky Program filed on March 26, 2020, with correction of a noted missing requirement.

The Division notes the omission in the report of the number of project applications received and the number rejected as directed in the Commission's order in Docket No. 00-035-T01 dated March 21, 2008. The Division recommends acknowledgement of the report on condition of compliance with this Commission requirement.

Issue

Pursuant to Commission Orders in Docket Nos. 00-035-T01 and 07-035-T13, on March 26, 2020, the Company filed with the Commission its Annual Report of the Blue Sky Program (2019 Annual Report) covering the Calendar Year 2019. On March 26, 2020, the Commission issued an Action Request to the Division requesting a review of the 2019 Annual Report and to make any recommendations by April 24, 2020. Subsequently, the Commission issued a Notice of Filing and Comment Period giving interested parties until April 27, 2020 to provide comments, with reply comments due May 12, 2020. This memorandum represents the Division's response to the Commission's Action Request.

Background

The Order in Docket No. 00-035-T01, dated April 17, 2000, directed the Company to provide an annual report of the Blue Sky program including various filing requirements. Subsequent to this Order, additional filing requirements have been incorporated into the annual report.¹ The Division reviewed the content and the format of the 2019 Annual Report of the Blue Sky Program in light of the Commission Orders and found that the report substantially meets the filing requirements with the exception of information on the number of project applications received, and of those received, the number of applications rejected.

¹ The Commission Order in Docket No. 00-035-T01, dated April 17, 2000, directed the Company to "account for all revenues received, blocks purchased, blocks generated or contracted for and other program costs."

The Commission Order in Docket No. 07-035-T13, dated September 6, 2007, directed the Company to include the ratemaking treatment of the funds received, cost of purchases including RECs, and interest earned on the balance of funds.

The Commission Order in Docket No. 00-035-T01, dated March 21, 2008, directed the Company to include: 1) the current Renewable Energy Credit balance in addition to the annual balances; 2) the Utah Beginning Available Fund Balance and the deductions leading to the Utah Available Fund Balance before Qualifying Initiatives in a manner similar to the total Company balances contained at the top of the second spreadsheet in the modified Report; 3) further detail on Qualifying Initiatives, including the total number of the applications received, the number rejected, the criteria and the evaluations underlying project selections, the locations (beyond state identification) of the awarded projects, a description of the project, and information on the facility at which each project is located; 4) a status report on the \$900,000 contract for future purchase of RECs and an explanation of how this expenditure of excess funds was determined to be the best use of excess funds.

And finally, the Commission Order in Docket No. 00-035-T01, dated April 29, 2010, directed the Company to include the REC Position Reconciliation report and the Community Project Funding Reconciliation report.

Discussion

The Company provided a spreadsheet detailing the 2019 program results. In addition to the spreadsheet, the Company provided the following exhibits:

Exhibit A: Letter Report for Residential Customers

Exhibit B: Letter Report for Non-Residential Customers

Exhibit C: Certificate for Non-Residential Customers

The Blue Sky Annual Report shows Total Company Block sales for 2019 at 3,842,426 of which 1,932,156 blocks were attributable to Utah. Block sales for Utah increased 17.5% from 2018 to 2019.

The Company's REC purchase commitment for 2019 was 384,243. All RECs were invoiced within the 2019 approved purchase timeframe. REC purchases are certified annually by Green-e, usually by July or August each year for the prior year. The 2018 Green-e Audit was completed in August 2019. The 2019 Green-e Audit should be completed around August of 2020.

The 2019 Annual Report shows the January 2019 Utah program liability account balance of \$10 million. This balance includes \$1.7 million retained for Blue Sky Solar projects that the Company indicates are either under contract or cancelled, \$2.8 million retained for two Blue Sky Build projects with continued studies. Through conversations with the Company, it has indicated that if significant progress isn't made on the Blue Sky Build program by June of this year, the funds committed to these projects will be made available for new projects through the application process. The Division requests the Commission require the Company to provide status report by July 30, 2020, on the Blue Sky Build program. On a Utah basis, \$2.7 million in revenue was received over the reporting period. Utah allocated Program operating expenses for the 2019 period were \$390,177, a slight decrease from 2018 operating expenses.

Conclusion

After reviewing the information contained in the 2019 Annual Report, the Division concludes that the report substantially complies with Commission Orders and adheres to the Commission's reporting requirements. The Division contacted the Company in reference to the missing reporting requirements. The Company stated that there were 16 applications received and of those 16, 6 were declined. The Company intends to submit a revised report in reply comments. The Division requests the Commission require the Company to provide a status report by July 30, 2020, on the Blue Sky Build program. Once the Company provides the revised report, along with a status report of the Blue Sky Build program, the Division recommends the Commission acknowledge the 2019 Blue Sky Annual Report.

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