



GARY HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

Department of Commerce Division of Public Utilities

CHRIS PARKER
Executive Director

ARTIE POWELL
Director, Division of Public Utilities

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Director

Brenda Salter, Utility Technical Consultant Supervisor

Jeff Einfeldt, Utility Technical Consultant

Date: June 1, 2020

Re: **Docket No. 20-035-17**, Application of Rocky Mountain Power for a Deferred Accounting Order Regarding Costs Incurred Due to the COVID-19 Public Health Emergency.

Recommendation (Approval With Conditions)

The Division of Public Utilities (“Division”) recommends the Utah Public Service Commission (“Commission”) conditionally approve Rocky Mountain Power’s (“RMP”) application for a Deferred Accounting Order Regarding Costs Incurred Due to the COVID-19 Public Health Emergency (“COVID-19”), provided the costs are adequately documented and subject to review by interested parties at the time the costs are submitted for recovery.

Background

On April 3, 2020 RMP filed its application seeking to defer costs and establish a regulatory asset related to COVID-19. The Commission issued an Action Request on April 6, 2020 asking the Division to review the application and make recommendations with an original due date of May 4, 2020. The Commission subsequently held a scheduling conference on April 14, 2020.

Pursuant to the scheduling order, comments on RMP's application are due June 2, 2020. This memo represents the Division's comments.

Discussion

In response to COVID-19, for non-managed accounts, RMP has suspended disconnections of service for non-payment, is waiving late fees (upon customer requests), and has suspended reconnection fees. RMP also anticipates an increase in bad debt expense. RMP proposes to provide updates to the Commission, the Division, the Office of Consumer Services, and any other interested parties 30 days after each quarter regarding COVID-19 related costs as the situation continues to evolve. RMP anticipates it will incur additional costs related to COVID-19 as yet unspecified and proposes filing separately for any additional costs identified as the situation develops.

While RMP's application does not discuss potential savings due to COVID-19, the Division is aware of some utilities reporting potential savings. For example, net power costs (NPC) or labor costs savings. Some utilities have reported reductions in certain customer loads that may mean reductions in NPC. While NPC savings may be reflected in future EBA filings, the Division recommends these savings be reported at the time of any other COVID-19 cost recovery requests. Similarly, RMP should analyze, track, and report any COVID-19 related labor savings to mitigate the related costs. Finally, as with the costs, the Division may identify additional savings that potentially mitigate COVID-19 related costs.

Conclusion

The Division believes RMP's application for a Deferred Accounting Order for bad debt related costs identified above due to the COVID-19 public health emergency meets the burden of an unforeseen, and extraordinary event. The materiality of the costs is unknown at this time. The Division recommends the application be approved conditioned on review and approval of actual costs submitted in the future pursuant to the method described in the application. The Division also recommends that RMP analyze, track, and report potential COVID-19 related savings to mitigate the costs. With these conditions, the Division believes approval of the application is just, reasonable, and in the public interest.