



State of Utah

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Division of Public Utilities

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## Supplemental 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

Jeff Einfeldt, Utility Technical Consultant

**Date:** March 4, 2021

**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; Quarterly Compliance Filing for the Period Ending December 31, 2020.

### **Recommendation (Continue Quarterly Reporting through June 30, 2021)**

The Division of Public Utilities (“Division”) recommends Rocky Mountain Power (“RMP”) continue Quarterly Compliance Filings of the previously identified costs and savings through June 30, 2021, related to the COVID-19 Public Health Emergency (“COVID-19”).

### **Background**

On April 3, 2020 RMP filed an application seeking to defer costs and establish a regulatory asset related to COVID-19. The Utah Public Service Commission (“Commission”) issued an Order Approving Accounting Order (“Order”) on September 15, 2020. The Order (1) authorizes RMP to establish a regulatory asset to record costs associated with COVID-19 through December 31, 2020; (2) directs RMP to comply with reporting, tracking, and filing requirements agreed to in its Reply Comments and testimony; (3) prohibits the inclusion of non-waived late fees in the

regulatory asset; and (4) approves RMP's application of the PSC-approved carrying charge on the deferred amount.

The reporting, tracking, and filing requirements agreed to by RMP include reporting on a quarterly basis, changes to bad debt expense, and additional costs related to COVID-19 including the following:

- Increased labor and facility costs to enable social distancing;
- Increased costs for personal protective equipment and cleaning supplies; and
- Increased technology costs to enable employees to work from home.

Cost savings identified to date by RMP related to COVID-19 include a reduction to employee expenses for travel and training.

On February 2, 2021, RMP filed its quarterly compliance filing for the period ending December 31, 2020, detailing the bad debt and other identified costs, and savings in compliance with the Commission Order. The Commission issued an Action Request on February 2, 2021, directing the Division to review the compliance filing and provide comments. The Division filed its response to the Action Request on February 25, 2021 recommending the Commission acknowledge the filing.

RMP's compliance filing was silent regarding the Commission Order's expiration date of December 31, 2020. The Commission issued a Supplemental Action Request asking the Division to evaluate the expiration date and provide a recommendation. This memo is the Division's response to the Commission's Supplemental Action Request.

### **Correction to Division Responses Dated December 4, 2020 and February 24, 2021**

The Division misinterpreted the costs and savings reported by RMP in its quarterly compliance filings for both the third and fourth quarter 2020 for increased labor and facility costs, personal protective equipment, technology costs, and savings from reduction in expense for employee

travel and training. Subsequent to the Division's filing of its response to the fourth quarter filing dated February 24, 2021, RMP contacted the Division to clarify the additional costs reported for bad debt expense is specific to Utah and the other costs and savings reported were reported on a total company basis. The Division misunderstood the reported numbers to be consistent when they are not.

The Division submits the following as a correction to its summary comments regarding the costs and savings reported by RMP in its third and fourth quarter 2020 filings. RMP's third quarter filing for the period ending September 30, 2020 listed Utah portion of additional bad debt expense of \$1,833,000 with additional costs of \$1,595,000 (Utah portion), and savings of \$2,177,000 (Utah portion, related to reduction of employee travel and training expense), resulting in an overall net cost increase of \$1,250,000.

RMP's fourth quarter filing for the period ending December 31, 2020 listed Utah portion of additional bad debt expense to date of \$2,138,000. This represents an increase of \$306,000 from the initial filing. RMP reported additional costs totaling \$1,589,000 (Utah portion) representing a \$6,000 decrease, and total savings of \$3,048,000 (Utah portion, related to reduction of employee travel and training expense) representing an increased savings from the initial filing of \$871,000. RMP's fourth quarter filing reports a total overall net cost increase related to COVID-19 of \$679,000 which is a net overall cost decrease of \$572,000 since the initial quarterly filing. Attachment A included with this filing is a summary and comparison of the amounts reported by RMP through December 31, 2020.

## **Discussion**

The COVID-19 virus is still active and many Federal, State, and Local governmental regulations still exist in an attempt to lessen the health impact. The virus and resultant regulations continue to impact society and the economy and is likely to continue for at least the next several months. The specific costs identified in this docket (including bad debt expense, facility costs, personal protective equipment, employee costs, and savings on training and travel costs), continue to be impacted and will continue to be impacted by the virus. In addition, a number of the effects

already caused by the virus will likely take time to be more fully captured by RMP's financial and accounting records.

Because COVID-19 is still currently active and related government regulations still exist, coupled with the lag between cause and the ability to measure the financial impacts to the expenses identified above, the Division recommends the Commission direct RMP to continue its quarterly reporting through the period ending June 30, 2021.

### **Conclusion**

The Division recommends the Commission direct RMP to continue Quarterly Compliance Filings through the period ending June 30, 2021, reporting the identified costs and savings in the same format as the two prior quarterly filings. The Division also recommends the Commission direct RMP to indicate at the time of 2<sup>nd</sup> quarter 2021 filing, RMP's need for further tracking along with RMP's recommended remedy addressing the deferred amount.

Cc: Michele Beck, Office of Consumer Services  
Jana Saba, Rocky Mountain Power