



State of Utah

Department of Commerce Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Manager

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Joanna Matyjasik, Utility Analyst

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Date: June 2, 2021

Re: **Acknowledge, Docket No. 21-035-29** – Rocky Mountain Power’s Fourth Annual Sustainable Transportation and Energy Plan Act (STEP) Program Status Report.

Recommendation (Acknowledge)

The Division of Public Utilities (Division) has reviewed Rocky Mountain Power’s (RMP) Fourth annual Sustainable Transportation and Energy Plan Act (STEP) Program status report (Report) for January 1, 2020, through December 31, 2020, per the Public Service Commission of Utah (Commission) Order issued in Docket No. 16-035-36. The Division recommends the Commission acknowledge RMP’s 2020 Report.

Issue

On April 29, 2021, RMP filed with the Commission its fourth annual report for the STEP Program. On the same day, the Commission issued an action request to the Division to review RMP’s filing for compliance and to make recommendations. The Commission asked the Division to report back by May 28, 2021. On May 4, 2021, the Commission issued its Notice of

Filing and Comment Period where any interested party may submit comments on or before June 2, 2021, and reply comments on or before June 17, 2021.

Background

Senate Bill 115 (SB 115), the Sustainable Transportation and Energy Plan Act, passed during Utah's 2016 legislative session codified in part as Utah Code Ann. Section 54-7-12.8.¹ That section is now entitled, "Electric energy efficiency, sustainable transportation and energy, and conservation tariff." Section 54-7-12.8(6) outlines the funding for the STEP Program.

Utah Code Ann. Sections 54-20-101 through Section 54-20-105 define the STEP programs available to large-scale utilities dependent upon Commission approval during the five-year pilot period. The programs authorized within the act include Electric Vehicle Incentive,² Clean Coal Technology,³ and Innovative Utility Programs.⁴

The large-scale utility, with Commission approval, can spend approximately \$10,000,000 per year on various programs authorized by the act including the Electric Vehicle Incentive Program (EV Program), which is capped at a use-or-lose \$2,000,000 per year. The other programs, Clean Coal Technology and Innovative Utility, can budget monies year-to-year provided that they do not exceed \$50,000,000, including the EV Program, at the end of the pilot.⁵

On September 12, 2016, RMP filed its application with the Commission to implement programs authorized under the STEP Act. During the Commission's first scheduling conference on September 21, 2016, the parties agreed to proceed with Docket No. 16-035-36 in what would become six phases and one request to modify funds within the Clean Coal Technology Program. Phase One established the \$50,000,000 funding budget from 2017 through 2021 and the STEP balancing account to hold and track STEP funds, STEP expenditures, and unrecovered Utah Solar Incentive Program (USIP) costs, and carrying charges. Phase One also established the cost capitalization of demand-side management (DSM) expenditures and the amortization of these

¹ See https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

² See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S103.html?v=C54-20-S103_2016051020160510.

³ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S104.html?v=C54-20-S104_2016051020160510.

⁴ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S105.html?v=C54-20-S105_2016051020160510.

⁵ See Subsection (6), https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

costs over a period of 10 years. It also established a regulatory liability using the DSM surcharge funds as a mechanism to depreciate thermal generation plant or other environmental regulation the Commission determines is in the public interest. The Commission's Phase One Report and Order ended the USIP program, proposed revisions to tariff Schedule Nos. 107, 193, 195, and created tariff Schedule No. 196, approved the nitrogen oxide (NOx) portions of the Clean Coal Technology Program, approved a Solar and Energy Storage program, and approved a pollution curtailment program at the Gadsby generation facility. Phase Two established the Advanced Substation Metering Program, Commercial Line Extension Program, and other Clean Coal Technology and Innovative Utility programs. Phase Three established the EV pilot study and Time-of-Use (TOU) programs. Phase Four established programs to study smart inverter settings and microgrid impacts on the distribution system. On June 28, 2019, the Commission approved Phase Five establishing the Intermodal Hub Project, the Battery Demand Response Project, and the Advanced Resiliency Management System Project.⁶ Phase Six is a study Utah State University is heading to research possible NOx and Volatile Organic Compounds (VOCs) mitigation through grid electrification.

On November 13, 2018, RMP filed with the Commission its application to modify funding amounts previously authorized by the STEP Plan Act and allocate additional funds to the Solar and Storage Technology Project.⁷ On February 6, 2019, the Commission approved RMP's application.⁸

On June 28, 2019, the Commission issued its Report and Order approving RMP's application to add three innovative utility programs under the STEP Act: (1) the Battery Demand Response Project; (2) Intermodal Hub Project; and (3) the Advanced Resiliency Management System Project (ARMS).⁹

On July 23, 2019, RMP filed for approval to refund \$3.06 million in surplus revenues collected under the discontinued Schedule 107 related to the canceled (USIP) through a reduction in the

⁶ See <https://pscdocs.utah.gov/electric/16docs/1603536/306971AplImplProgAuthSTEP3-8-2019.pdf>.

⁷ See <https://pscdocs.utah.gov/electric/16docs/1603536/305479RMPApp11-13-18.pdf>.

⁸ See <https://pscdocs.utah.gov/electric/16docs/1603536/3065761603536o2-6-2019.pdf>.

⁹ See <https://pscdocs.utah.gov/electric/16docs/1603536/3089131603536rao6-28-2019.pdf>.

STEP surcharge collections under Schedule 196. On August 20, 2019, the Commission approved RMP's request to refund the revenues over twelve months beginning November 1, 2019.¹⁰

On May 5, 2021, the Commission approved Phase Six, a Utah State University study on Projecting the Impact of the Electrification of the Uinta Basin Oil and Gas Fields on Air Quality.¹¹

RMP continues to provide informal status updates for select STEP programs (i.e., EV, Solar Storage, Battery Demand, Intermodal Hub, and ARMS) to interested parties since the Commission's original Phase One Report and Order approving the pilot program.¹² The Commission ordered RMP to report the annual status of the various programs following a general format¹³ agreed to by the parties. RMP requested that it file its STEP report concurrently with its Report of Annual Operations. This is the fourth annual status report filed by RMP for the STEP Program.

Discussion

The Commission directed RMP to update interested parties annually on the status of all programs approved by the Commission under the STEP Act. The Division is interested in the progress of each program, program funding disseminated in tariff Schedule No. 196, carrying charges, actual expenditures compared to forecast expenditures, and internal operational, maintenance, administrative, and general expenses (OMAG)¹⁴ (accounted for within each program), and external OMAG expenses (unknown expenses that occur because of the program) for each program. In addition to expenses relating to the USIP Program, there are sixteen active projects approved by the Commission for this reporting. The Alternative NOx Reduction Project was abandoned and its remaining funds used for other projects. The following summarizes each program's status, budgeted funds, and actual funds spent.

¹⁰ See Docket No. 19-035-T12, <https://pscdocs.utah.gov/electric/19docs/19035T12/30972919035T12o8-20-2019.pdf>.

¹¹ See <https://pscdocs.utah.gov/electric/16docs/1603536/3186171603536o5-5-2021.pdf>.

¹² Rocky Mountain Power STEP Projects Update on May 19, 2020.

¹³ See <https://pscdocs.utah.gov/electric/16docs/1603536/297254CorresWiderburg10-12-2017.pdf>, October 12, 2017.

¹⁴ Docket No. 16-035-36, Commission Phase One Report and Order, December 29, 2016, at page 16, ¶ 7, Commission Phase Two Report and Order, May 24, 2017, at page 13, ¶ 5, Commission Report and Order, October 31, 2017, at page 12, ¶ 4.

DSM, Regulatory Liability, USIP, and Carrying Charge

RMP includes a summary of the STEP/DSM Assets and Liabilities for calendar years 2017 through 2020 in its report.¹⁵ The Division appreciates RMP's efforts to include this high-level presentation of annual expenditures, annual capitalization, annual expenses, asset and liability balances, and carrying charge for each reporting period. RMP also includes a summary of the USIP Program expenditures per Commission Order in Docket No. 18-035-16.¹⁶

The USIP Program was a 5-year program approved by the Commission in 2012 to reimburse customers who wanted to install distributed solar generation. Prior to SB 115, the USIP program funding came from a surcharge to customers disseminated in tariff Schedule No. 195. SB 115, and later approved by the Commission in its Phase One Order, required RMP to stop taking new applicants into the USIP program after December 31, 2016. RMP's reimbursement obligations to those customers participating in the USIP Program before its absolution still exist and are shown as an expense in the STEP budget.

Both of these surcharges are accrued accounts in RMP's accounting system with associated carrying charges. The carrying charge for revenues collected under Schedule 193, DSM, is calculated using the pre-tax weighted average cost of capital approved by the Commission in the most recent general rate case.¹⁷ The funds collected under Schedule 196, STEP, along with the USIP funds previously collected under Schedule 107 use the average of the annual Aaa and Baa corporate bond interest rates approved by the Commission annually to calculate the carrying charge.¹⁸ The STEP and USIP fund rates are effective from April 1st of each year through March 31st of the following year. The carrying charge reported for 2020 is \$842,675.¹⁹

The STEP Plan Act closed the USIP Program and transferred the USIP balance to begin funding the STEP Program. The STEP Plan Act authorized RMP to create a new tariff, Schedule 196, for the collection of funds from customers to augment the USIP balance. The Schedule 196 surcharge helps fund the STEP Program while Schedule 193 (Demand Side Management Cost

¹⁵ Rocky Mountain Power's Fourth Annual STEP Program Status Report, April 29, 2021, page 1.1.

¹⁶ Public Service Commission Order, Docket No. 18-035-16, August 3, 2018, page 7, Section 3.

¹⁷ See Section (2)(b)(iii), <https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-7-12-8.html>.

¹⁸ *Id.*, Section (7)(d).

¹⁹ Rocky Mountain Power's Fourth Annual STEP Program Status Report, April 29, 2021, page 1.0.

Adjustment or DSM) established a regulatory asset and liability account where energy efficiency project expenses are capitalized and Schedule 193 funds collected are accumulated to offset coal plant retirements.

At the conclusion of the USIP Program on December 31, 2016, Residential and Small Non-Residential had 12 months to complete projects from the time the capacity reservation was secured.²⁰ Large Non-Residential customers had 18 months to complete projects from the time the reservation capacity was reserved.²¹ Residential and Small Non-Residential installation completion expired on December 31, 2017, and Large Non-Residential on June 30, 2018. No further projects for Large Non-Residential are pending.

This year's filing illustrates a USIP expense amount of \$1,589,660 for 2020 and \$175,669 of carrying charges.²² The 2020 USIP Account Balance (Schedule 107 Only) is \$2,304,813.²³ The Division includes minor revisions reported by RMP in Table 1 below from its 2020 annual report including surcharge refunds of \$3,036,349 explained above.²⁴

Table 1

Utah Solar Incentive Program Account - Through 2020

	Program Total	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenue	(23,261,688)	(961,324)	(6,293,704)	(6,320,828)	(6,317,639)	(6,323,285)	(308,633)	0	227,376	3,036,349
Program Expenditures:										
Incentive	23,617,267	0	981,796	2,328,676	3,292,006	4,884,763	4,766,963	3,459,713	2,317,571	1,585,779
Program Administration	1,302,017	0	253,665	322,664	173,248	412,866	94,788	27,098	13,807	3,881
Marketing	132,495	55,905	35,744	25,995	14,515	336	0	0	0	0
Program Development	130,465	30,748	99,140	577	0	0	0	0	0	0
Expired Deposits	(397,990)	0	0	0	(36,821)	(103,963)	(99,568)	0	(157,638)	0
Post CY 2018 STEP Entry	0						0	0	0	0
Cool Keeper program	(200,000)	0	0	0	0	(200,000)	0	0	0	0
Total Expenditures	24,584,253	86,653	1,370,345	2,677,912	3,442,948	4,994,002	4,762,183	3,486,811	2,173,740	1,589,660
Interest	(3,627,378)	(5,995)	(219,165)	(473,909)	(721,712)	(685,628)	(627,425)	(569,938)	(147,937)	(175,669)
USIP Account Balance (Sch. 107 only)	(2,304,813)									

²⁰ See RMP Tariff Schedule No. 107, Program Process, ¶6. RMP claims in its Report that residential and small non-residential had to have their projects completed by December 31, 2017 to receive incentive funding.

²¹ Customers would have until June 30, 2018 to complete projects for large non-residential projects approved by December 31, 2016.

²² Rocky Mountain Power's Fourth Annual STEP Program Status Report, April 29, 2020, page 19.0.

²³ Id.

²⁴ Id.

Electric Vehicle Incentive Program

The EV Program is the only STEP program that has an annual use-or-lose budget.²⁵ The Commission approved the EV Program on June 28, 2017, and includes funding for a TOU Rate Pilot, Administrative, Outreach, and charging infrastructure incentives. RMP uses its best efforts to spend the \$2,000,000 annually constrained by the timing of charger installations. RMP awards incentives for various levels of customers under two time horizons. Prescriptive incentives (Non-Residential AC Level 2 Chargers-Single Port, Non-Residential AC Level 2 Chargers-Multi Port, Non-Residential & Multi-Family DC Fast Chargers, and new for this reporting period, Residential) follow a fiscal year from October 1st through September 30th of each plan year.²⁶ Custom Incentive commitments follow the calendar year from January 1 through December 31st. Prescriptive incentives during each calendar year recorded between October 1st and December 31st are expensed towards the next year's \$2,000,000 cap. Custom incentives are paid at the completion of the project and often adjusted from the initial incentive request. Custom incentives are booked in the program year under the SAP accounts but expensed to the program year when the incentive was offered. This un-orthodox accounting and timing allows RMP the opportunity to utilize the use-or-lose capped EV funding more efficiently in each program year.

The expenses reported (including committed funds) in 2020 for TOU Pilot Meters, Administrative, and Outreach comprise \$421,158. RMP reports \$974,423 of Prescriptive Incentives, including time of use rate sign-up, time of use load research study, and paid prescriptive incentives. The prescriptive incentives comprised 940 AC Level 2 and DC Fast charging ports from October 1, 2019, through September 30, 2020.²⁷ RMP reports \$604,419 in Committed Custom Incentives. The Custom Incentives (Projects 17 and 18) are comprised of 17 DC Fast charger ports. This equates to an estimated \$2,000,000 in annual spending for 2020.²⁸

The actual SAP expenditures for 2020, including 2019 prescriptive commitments for projects completed from October 1, 2019 through December 31, 2019, is \$2,505,456. Table 2 on the next

²⁵ See 54-7-12.8(6)(b)(i), https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

²⁶ Commission Phase 3 Report and Order, June 28, 2017, page 4-5. RMP witness William J. Comeau, Direct Testimony, lines 180-181, "...however, applications at that point may be considered as part of the subsequent PEV Program year and associated available funds."

²⁷ Rocky Mountain Power's Fourth Annual STEP Status Report, Exhibit 2-A.

²⁸ Id., Table 1, page 2.0.

page summarizes the actual EV Incentive Program expenses and commitments for 2020 and ties to the 2020 Annual STEP Status Report — STEP and USIP Accounting, page 1.0.

Table 2
2020 Electric Vehicle Charging Infrastructure - (RMP Exhibit 5-2D SAP)

Program	2020 Calendar Year Expenses	2020 Budget Commitments	Program Management	Actual 2020 Expenses and Commitments
Time of Use Rate Sign-Up	\$ 30,600	\$ -	\$ -	\$ 30,600
Time of Use Load Research Study	\$ 100	\$ -	\$ -	\$ 100
Time of Use Meters	\$ -	\$ -	\$ 341	\$ 341
Residential AC Level 2 Chargers	\$ 34,661	\$ -	\$ -	\$ 34,661
Non-Res AC Level 2 Single Port Chargers	\$ 223,422	\$ -	\$ -	\$ 223,422
Non-Res AC Level 2 Single Multi-Port Chargers	\$ 482,236	\$ -	\$ -	\$ 482,236
Non-Res & Multi Family DC Fast Chargers	\$ 245,780	\$ -	\$ -	\$ 245,780
Custom Project Commitments	\$ -	\$ 1,067,500	\$ -	\$ 1,067,500
Administrative Costs	\$ -	\$ -	\$ 93,513	\$ 93,513
Outreach & Awareness Expenditures	\$ -	\$ -	\$ 327,304	\$ 327,304
Exrternal OMAG	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,016,798	\$ 1,067,500	\$ 421,158	\$ 2,505,456

The Commission’s Phase Three Order adopted the parties’ suggestion for additional reporting requirements relating to the EV TOU portion of the program.²⁹ RMP provides updates for the EV Program and TOU Pilot to stakeholders during each plan year.

The difference between Table 1, page 2.0, (RMP Exhibit 2E), and SAP actual expenses, page 1.0, (RMP Exhibit 2D), \$2,000,000 and \$2,505,456, respectively, is due to SAP accounting timing for committed funds during the (January 1 through December 31) plan year, which

²⁹ Commission, Phase Three Report and Order, Docket No. 16-035-36, June 28, 2017, Exhibit D, EV TOU Pilot Reporting Requirements.

includes the prescriptive incentives from Q4 of 2019. As each custom project is completed, the expense is recorded against the \$2,000,000 cap in the plan year the incentive was offered.³⁰

The Division asked RMP to explain its incentive offerings given the fiscal nature of the accounting for the EV program as the pilot program nears its end in December of 2021. RMP responded by attesting that it *“will continue to accept prescriptive applications through 2021 so long as incentive payments can be rendered by the end of the year and there are funds still available. Likewise, the Company will also continue to accept custom applications through 2021 so long as projects will be completed in 2021 with time for incentive payments to be rendered by the end of the year. By managing the Electric Vehicle Program in this fashion, the Company does not anticipate having any incomplete prescriptive or custom incentives by the end of 2021.”*³¹ [emphasis added]

The Division’s review of RMP’s EV Program portion of this year’s report found it to be reasonably explanatory in detail. The Division concludes that RMP followed the Commission’s 2018 Order and additional reporting requirements for the EV Program. RMP utilized the maximum \$2,000,000 of available 2020 EV Program funds.

Clean Coal Technology Programs

RMP recommended in its, 2017 report, that the Alternative NOx Reduction Project be abandoned and the remaining funds be allocated to other programs. The Commission approved RMP’s request to abandon the Alternative NOx Project in its Order dated August 3, 2019.³² On November 13, 2018, RMP filed its application with the Commission to modify funding amounts for previously approved STEP programs under the Clean Coal Technology Program.³³ On February 6, 2019, the Commission approved RMP’s application to reallocate the remaining funds from the Alternative NOx Reduction project comprised of \$748,980 to the Woody Waste Co-Fire Project, and \$412,521 to the Cryogenic Carbon Capture Project.³⁴

³⁰ RMP response to DPU Data Request DPU 1.5.

³¹ Id., DPU 1.6.

³² Public Service Commission Order, Docket No. 16-035-36, August 3, 2018, page 7, Section 2.

³³ Rocky Mountain Power’s Application to Modify Funding Amounts Previously Authorized by the STEP Plan Act, November 13, 2018.

³⁴ Public Service Commission Order, Docket No. 16-035-36, February 6, 2019, page 11, Section 1.

RMP adjusted its 2019 SAP accounts to include 2018 external OMAG expenses. RMP provides an explanation for each external OMAG expense in succeeding year’s reports following the Commission’s Order in Docket No. 18-035-16. The external OMAG expense consists of \$64,696 for a contractual payment to the University of Utah for services performed on the CO₂ Enhanced Coal Bed Methane Recovery Project, \$192,809 contained in the Cryogenic Carbon Capture Project for contractual payments to Sustainable Energy Solutions for services performed on the project, and \$103,781 paid to Brigham Young University for completed milestones. Table 3 on the next page summarizes the Clean Coal Technology program expenses.

Table 3
2020 Clean Coal Technology Programs

Program	Status	Updated Budget*	Annual Spend	External OMAG	Total
Woody-Waste Co-Fire Biomass	On-Target	\$ 815,083	\$ 79,307	\$ -	\$ 79,307
Neural Network Optimization	Complete	\$ 32,000	\$ 14,527	\$ -	\$ 14,527
Alternative NOx Reduction	Cancelled	\$ -	\$ -	\$ -	\$ -
CO ₂ Enhanced Coal Bed Methane Recovery	On-Target	\$ 63,408	\$ -	\$ 64,696	\$ 64,696
Cryogenic Carbon Capture (CCC)	Complete	\$ 213,000	\$ -	\$ 192,809	\$ 192,809
CarbonSafe	Complete	\$ -	\$ -	\$ -	\$ -
Solar Thermal Integration - Hunter Plant	Complete	\$ 89,992	\$ -	\$ 103,781	\$ 103,781
Total		\$ 1,213,483	\$ 93,834	\$ 361,286	\$ 455,120

*Table 1 Updated STEP Funding Budget from Phase V

The remaining Clean Coal Technology Programs are on-target and expected to stay within the revised budget of \$4,841,078.³⁵

Innovative Utility Programs

In its November 13, 2018 application filed with the Commission to modify funding amounts for previously approved STEP programs, RMP requested higher incentive amounts for the Commercial Line Extension Project and additional funding for the Panguitch Solar plus Storage Project. On February 6, 2019, the Commission approved RMP’s application to raise the incentive amount for the Commercial Line Extension project from \$50,000 to \$250,000. The original maximum budget amount of \$2,500,000 for the project remains the same.³⁶

³⁵ Docket No. 16-035-36, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Act, March 8, 2019, Updated Table 1 STEP Funding Budget, at page 4.

³⁶ Public Service Commission Order, Docket No. 16-035-36, February 6, 2019, page 11, Section 2.

RMP reports \$13,735 of external OMAG expenses attributable to the Panguitch Solar and Energy Storage project.³⁷ The Battery Demand Response and Advanced Resiliency Management System (ARMS) projects had substantial growth as the projects meet their individual milestones leading to larger outlays compared to previous years. Table 4 on the next page summarizes the Innovative Utility program expenses for 2020.

Table 4
2020 Innovative Utility Programs

Program	Status	Updated Budget*	Annual Spend	External OMAG	Total
Advanced Substation Metering	Complete	\$ -	\$ 118,262	\$ -	\$ 118,262
Commercial Line Extension	On-Going	\$ 500,000	\$ 110,645	\$ -	\$ 110,645
Gadsby Emissions Curtailment	On-Going	\$ 100,000	\$ -	\$ -	\$ -
Panguitch Solar and Energy Storage	Complete	\$ 120,000	\$ 168,404	\$ 13,735	\$ 182,139
Microgrid	Complete	\$ 70,000	\$ 28,392	\$ -	\$ 28,392
Smart Inverter	Complete	\$ -	\$ -	\$ -	\$ -
Battery Demand Response	On-Target	\$ 1,570,000	\$ 1,731,293	\$ -	\$ 1,731,293
Intermodal Hub	On-Target	\$ 951,079	\$ 890,953	\$ -	\$ 890,953
Advanced Resiliency Management System ARMS	On-Target	\$ 5,690,000	\$ 2,874,624	\$ -	\$ 2,874,624
Total		\$ 9,001,079	\$ 5,922,573	\$ 13,735	\$ 5,936,308

The Innovative Utility Programs are on-target with several projects completed. The program is on track and expected to be completed within the revised project budget of \$32,124,140 with \$1,395,860 unallocated.³⁸

On May 5, 2021, the Commission approved Phase Six, a Utah State University study on Projecting the Impact of the Electrification of the Uinta Basin Oil and Gas Fields on Air Quality.³⁹ The Commission approved the \$200,715 for the sixth tranche of the STEP Program under the Innovative Utility Programs after this year's report had been filed by RMP. Based on this year's filing, the Division concludes that over \$1,000,000 of unused STEP Program funds remain in the Innovative Utility Program.

³⁷ RMP did not offer any explanation for the OMAG expenses.

³⁸ Docket No. 16-035-36, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Act, March 8, 2019, Updated Table 1 STEP Funding Budget, at page 4.

³⁹ *Supra*, n11.

Budget Summary

The beginning balance for 2020 was \$21,486,154.⁴⁰ Surcharge Collections through Schedule No. 196 for 2020 was \$7,601,627. The Division concludes the variance between the \$7,601,627 collected in 2020 is reasonable compared to the \$10,000,000 allocation authorized by the Commission based on the funding requirements necessary for the remainder of the pilot. The Division concludes the surcharge rates under Schedule 136 appear to be reasonable. The Division plans to review the surcharge collections in subsequent reporting years.

Total expenditures for 2020 are \$10,486,543 including the total external OMAG expenses reported above of \$375,735 and the actual SAP accounting for the EV program of \$2,505,456. The 2020 carrying charge is \$842,675. The 2020 ending balance is \$19,443,913. Table 5 summarizes the STEP Program budget for 2020.

Table 5
2020 STEP Program Budget

Beginning Balance	\$ 21,486,154
Surcharge Collections	\$ 7,601,627
Less: 2020 Spend	\$ (10,486,543)
Carrying Charge	<u>\$ 842,675</u>
Ending Balance	\$ 19,443,913

The Division notes that the carrying charge reported by RMP contains a variance of \$5,325. The Division spoke with RMP about the difference and concludes the difference is insignificant. The variance is due to prior year true-ups that are in addition to the carrying charge calculations for each month.⁴¹

⁴⁰ Rocky Mountain Power's Fourth Annual STEP Program Status Report, April 29, 2021, page 1.0.

⁴¹ RMP response to DPU Data Request 3.1 in Docket No. 19-035-17.

Table 6 illustrates the cumulative totals for 2017 through 2020.

Table 6
2017-2020 Cummulative STEP Program Budget

Beginning Balance	\$ 15,850,031
Surcharge Collections	\$ 38,092,048
Less: Spend	\$ (37,990,748)
Carrying Charge	\$ 3,492,582
Ending Balance	\$ 19,443,913

Compared to the original combined expense forecast of \$41,804,167 for 2017 through 2020, the modifications to the original projects reported above and the new innovative projects authorized by the Commission in Phase Five increased the cumulative spend significantly. The combined surcharge collection of \$38,092,048 and carrying charge of \$3,492,582 offsets the spend resulting in the STEP Program running as expected with a surplus of approximately \$2 million at the end of the STEP Pilot.

Exit Strategy

On November 12, 2019, RMP conducted a meeting with interested parties regarding the exit strategy for the STEP program as it sunsets in 2021. The topics of discussion included: (1) remaining unspent STEP funds; (2) ongoing STEP costs; (3) final accounting; (4) final report timing; and (5) exit meeting report to the Commission contained in RMP’s filing.⁴²

The Division asked RMP through DPU Data Request 1.7, if it had any thoughts how un-used funds might be allocated. RMP’s response to the data request was that it *“does not currently have a plan for any remaining Sustainable Transportation and Energy Plan Act (STEP) funds. The Company has committed to collaborate with interested parties on the use of any remaining funds once the final amount is more certain.”*⁴³ [emphasis added]

Conclusion

The Division has reviewed RMP’s fourth annual STEP Program status report for January 1, 2020 through December 31, 2020 per the Commission’s Order issued in Docket No. 16-035-36. The

⁴² See Docket No. 16-035-36, June 28, 2019, page 11, ¶ 5, <https://pscdocs.utah.gov/electric/16docs/1603536/3089131603536rao6-28-2019.pdf>.

⁴³ *Supra*, n30, DR 1.7.

Division concludes RMP followed the Commission's Orders for additional reporting requirements through Phase Five of this proceeding. Therefore, the Division recommends the Commission acknowledge RMP's 2020 STEP Annual Status Report.

cc: Joelle Steward, RMP
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Service List