



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

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Paul Hicken, Technical Consultant

**Date:** May 18, 2021

**Re:** **Docket No. 21-035-T06**, In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule 111, Residential Energy Efficiency Program.

### Recommendation (Approval)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) approve Rocky Mountain Power's (RMP or Company) proposed tariff revisions to Schedule 111, Residential Energy Efficiency Program effective June 4, 2021.

### Issue

On May 4, 2021, RMP filed Advice No. 21-04 with the Commission proposing revisions to Schedule No. 111, Residential Energy Efficiency Program, with an effective date of June 4, 2021. On May 5, 2021, the Commission issued an action request to the Division requesting it to investigate RMP's filing and make recommendations. The Commission asked the Division to report back by May 18, 2021. The Commission issued its Notice of Filing and Comment Period on May 10, 2021. Any party may submit comments on or before May 19, 2021 and reply

comments on or before May 26, 2021. This memorandum represents the Division's response to the Commission's request to investigate RMP's filing.

## **Background**

The Residential Energy Efficiency Program is managed and described under Schedule 111 of RMP's Electric Service Tariff. It was initially proposed and adopted in November 2016 with the consolidation of the Home Energy Savings Program under Schedule 111 and the cancellation of the New Homes Program under Schedule 110. Schedule 111 has been modified several times since then to accommodate new technology and to streamline and simplify rebate offerings as new products become available and with changes to the market. As part of Schedule 111, the Custom Multi-Family Program (Program) was originally proposed and approved in Docket No. 17-035-T12, to offer participating customers education on the benefits of energy efficiency, to provide an energy audit/assessment of their property identifying energy saving measures that could be installed with the associated savings estimates, and an explanation of the life-cycle and non-financial benefits that would result. Additionally, the Program helps multi-family property owners gain access to additional incentives and rebates offered by other utilities and federal agencies, tax credits, and financing.

## **Discussion**

The purpose of the proposal is to provide updated incentives and incentive structure for the Custom Multi-Family Program to provide additional benefits, align with market conditions, and maintain cost-effectiveness. The revised Schedule 111 tariff sheets will increase maximum incentive amounts and change the flat rate incentive structure to a measure category based structure.

The Programs current incentive structure pays a flat rate amount of either \$0.30 or \$0.25 per kilowatt hour and up to 100 percent or 70 percent of total project costs for low income and market rate customers, respectively. The proposed revision will shift the incentive structure from a flat-rate offering to an offering based on individual measure categories. This will enable the Program to offer and promote increased incentives for measure categories with higher cost and more energy savings, while offering lower incentives for the more adopted categories that

require less marketing and less motivation. Additionally, the proposal will increase the Low Income and Market Rate maximum incentive amounts to \$0.40 and \$0.35 per kilowatt hour, respectively.

The cost-effectiveness analysis conducted by Guidehouse consultants indicates the proposed changes are expected to remain cost-effective for years 2021-2022 under the Utility Cost Test (UCT) and the Participant Cost Test (PCT) with benefit/cost ratios of 1.24 and 2.36 respectively.

On March 23, 2021, the Company held a DSM Steering Committee meeting and discussed these proposed changes. On April 16, 2021, the Company circulated a draft of this advice letter to Steering Committee members for initial review and comment. No concerns were raised by Steering Committee members.

In review of RMP's advice letter for this matter, the Division reviewed Utah Administrative Code R746-405-2(D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule. However, the rule also states that the filing of proposed tariff sheets shall of itself constitute the representation of the filing utility that it, in good faith, believes the proposed sheets or revised sheets to be consistent with applicable statutes, rules and orders. The filing does not appear to violate statute or rule.

## **Conclusion**

The Division concludes that RMP's filing is reasonable and appropriate to simplify the Schedule No. 111 and enable the Company to update for market conditions. The residential energy efficiency measure changes are expected to be cost-effective under the Utility Cost Test which the Commission has determined to be the determining cost-effective test. The Division recommends that the Commission approve RMP's revised Tariff Schedule 111 filed on May 4, 2021, and make it effective June 4, 2021.

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