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DEPARTMENT OF COMMERCE  
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director  
Béla Vastag, Utility Analyst

Date: September 15, 2021

Subject: Docket 21-035-T10

**Application of Rocky Mountain Power for Approval of Billing for Other Entities Tariff, Electric Service Schedule No. 299**

## INTRODUCTION

On August 31, 2021, Rocky Mountain Power (“RMP”) filed with the Utah Public Service Commission (“PSC”) an application for approval to implement a new tariff, Schedule No. 299, titled “Billing for Other Entities”. On September 2, 2021, the PSC issued a Notice of Filing and Comment Period that set a deadline of September 15, 2021 for parties to file initial comments and September 22, 2021 to file reply comments on RMP’s request for approval of a new Schedule 299 tariff. Pursuant to the PSC’s noticed schedule, the Utah Office of Consumer Services (“OCS”) submits these initial comments on RMP’s proposed new tariff.

## OCS COMMENTS ON RMP’S NEW TARIFF - BILLING FOR OTHER ENTITIES – SCHEDULE NO. 299

### ***Background and Support for New Tariff***

For over 25 years, RMP has been providing third-party billing services to collect certain fees on behalf of local Utah government entities by including these fees on RMP’s monthly customer billings. In August 2019, the PSC issued a new rule entitled “Rules Governing Customer Information and Marketing for Large-Scale Electric and Gas

Utilities” (R746-460). As a result of this rule, RMP began a process to formalize its existing third-party billing service into a new tariff.

In early 2021, RMP reached out to the Division of Public Utilities (“DPU”) and the OCS with a proposal for a new third-party billing tariff. RMP also shared with the OCS and DPU an analysis of the costs of RMP providing the third-party billing service, a list of entities currently contracting with RMP for the service and a copy of the contract that RMP uses with the local government entities for these billing services. Several meetings were held to discuss and revise the language in the proposed new tariff, i.e. a new Schedule No. 299. In these meetings, parties also discussed RMP’s cost analysis and some of the legal, customer communication, sharing of customer information, late payment fees and other issues surrounding RMP providing a fee collection service for other entities.

Due to this advance collaboration, as described above, the OCS primarily supports approval of RMP’s implementation of this new third-party billing tariff. The OCS reviewed RMP’s cost analysis and is satisfied that the monthly charges<sup>1</sup> that RMP charges to participating local government entities cover the cost of providing this third-party billing service, protecting ratepayers from bearing any of its costs. Other important elements of this new tariff include the protection of RMP customer information and that the non-payment of the governmental fee will not affect a customer’s electric service (i.e. RMP will not shutoff service for non-payment).

***Proposed Tariff Language is Unclear on Existing Contracts***

The OCS has a primary concern regarding Existing Contracts that will result in tariff changes that must be made before this tariff accurately reflects RMP’s stated objectives (being in the public interest and not harming RMP’s ratepayers) for providing these third-party billing services. The issue of Existing Contracts may require additional supporting evidence to demonstrate that the proposed new tariff is in the public interest. If this demonstration is not made in reply comments, then the PSC must suspend the tariff and not allow it to go into effect in 30 days but rather ensure the public interest is met prior to the tariff going into effect.

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<sup>1</sup> In addition to the monthly charges listed in the tariff, the Billing Services Agreement contract (Application Attachment 2, page 3) states that local government entities would also pay:

*b) In addition to the fees payable pursuant to subparagraph (a), Contractor shall pay Company within fifteen (15) days of receipt of the invoice for monthly charges in the amount of seventy-seven dollars (\$77.00) per hour or current billable rates for time spent in excess of one-half hour for administrative work performed by Company with regard to the Customers and/or the Assigned Fees, including customer changes, customer or billing research requests, non-routine or one-time reports, and/or other types of program support requested by the Contractor.*

*c) The fees referred to in subparagraphs (a) and (b) above may be reviewed annually by Company and may be increased by providing no less than thirty (30) days’ written notice to Contractor.*

Paragraph 18 of RMP's Application states, "Although the terms of the Company's Existing Contracts generally align with the proposed Schedule 299, the tariff delineates these existing agreements from future agreements to ensure the terms of the existing agreements are not affected. Existing Contracts that are renewed will no longer be considered an Existing Contract." However, the tariff defines Existing Contract but does not 1) contain language grandfathering them from the tariff, 2) delineate which specific provisions would apply, or 3) indicate that Existing Contracts no longer meet that definition after they are renewed.

RMP also does not provide evidence that the grandfathering treatment in Paragraph 18 is in the public interest. For example, this docket does not have in its record a description of the total scope of Existing Contracts such as the effective date of each contract, how many customers are being billed under these contracts, how much in monthly charges is collected from each Eligible Entity compared to how much would be collected under the new tariff, and how much longer the Existing Contracts will be in effect before their renewal date.

The OCS also notes that Existing Contracts cannot be grandfathered from complying with the Schedule 299 tariff section entitled, "SHARING OF UTILITY CUSTOMER INFORMATION" because the rule referenced in that section, Utah Administrative Code Rule R746-460-3, does not exempt any grandfathered contracts.

RMP should provide the following in reply comments:

- A demonstration that grandfathering Existing Contracts is in the public interest.
- A demonstration that Existing Contracts are complying with Utah Administrative Code Rule R746-460-3.
- A redlined tariff to reflect RMP's actual proposed treatment of Existing Contracts.

The OCS would be happy to collaborate with parties on tariff language after it reviews the information provided to satisfy the first two bullet points above.

### ***Requested Clarification on Billed but not Collected Assigned Fees***

The OCS also requests clarification from RMP in reply comments on an additional issue. For local government entity Assigned Fees that are billed to RMP customers but not collected, does RMP deduct these delinquencies from payments to government entities on a monthly basis or just once a year?<sup>2</sup> If once a year, does this constitute a loan to the government entity and should a carrying charge be applied?

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<sup>2</sup> Section 3.g. of RMP's Billing Services Agreement (Application Attachment 2) states (emphasis added):

*Company shall provide an annual report of Customers to the Contractor by a mutually-agreed to month, beginning Month/Year and will include billed and not collected Assigned Fees deemed "Delinquencies." Delinquencies are*

## RECOMMENDATION

Prior to approval to implement this proposed tariff, the OCS recommends that the PSC ensure that RMP meets the following conditions:

- Demonstrate that grandfathering Existing Contracts is in the public interest.
- Demonstrate that Existing Contracts are complying with Utah Administrative Code Rule R746-460-3.
- Provide a redlined tariff to reflect RMP's actual proposed treatment of Existing Contracts.

If these conditions are not met within the current schedule for this docket, then the PSC should suspend the tariff until these issues are adequately resolved. If those conditions are met, the OCS would support approval of RMP's request to implement a new Billing for Other Entities tariff, Schedule No. 299. The OCS notes that the proposed tariff and/or the Billing Services Agreement may also need some minor changes for clarification depending on RMP's response to the OCS's request for clarification listed above.

cc:

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*defined as Assigned Fees ninety (90) or more days past due as of the mutually-agreed to date of the annual report. Delinquencies on Customer accounts shall be set to a zero balance due, and the total amount of Delinquencies as of the annual report date will be deducted from the Contractor's next monthly remittance. The Contractor shall be responsible to collect all Delinquencies.*