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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

Doug Wheelwright, Utility Technical Consultant Supervisor

Bob Davis, Utility Technical Consultant

Date: May 31, 2022

Re: **Docket No. 22-035-13**, Rocky Mountain Power's Fifth 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) Fifth and final annual Sustainable Transportation and Energy Plan Act (STEP) Program status report (Report) for January 1, 2021, through December 31, 2021, per the Public Service Commission of Utah (Commission) Order issued in Docket No. 16-035-36. The Division recommends the Commission acknowledge RMP's 2021 Report.

The Division also supports RMP's recommendation for the Commission to convene a meeting for interested parties to discuss how to disburse the remaining program balance and the program's accounting. The ending balance of the program is \$12,001,589. This includes program expenses of \$57,064,583 (including Utah Solar Incentives and commitments and invoices paid during the first quarter of 2022), Surcharge Collections of \$49,121,055, and Carrying Charges of \$4,095,085. The Division notes that the total program expenditure after adjusting for Utah Solar Incentive and the 2022 invoicing

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commitments is roughly \$44,027,197 or \$5,972,803 less than the program allowance of \$50,000,000.

Issue

On April 29, 2022, RMP filed its Fifth annual report with the Commission for the STEP Program. RMP's application indicates that calendar year 2021 was the final year of the [five-year] pilot program period, and states, "that all STEP projects have been completed, pending a few final program activities such as final invoice payments and other close out activities."¹ RMP also included in this year's report the final reports for individual STEP projects and asks the Commission to issue a notice of its intent to hold stakeholder meetings "to discuss the final close out of the STEP pilot program."² The Commission directed the Division to review the report for compliance and make recommendations and report back by May 31, 2022.

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 54-7-12.8.³ 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,⁴ Clean Coal Technology,⁵ and Innovative Utility Programs.⁶

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

¹ Rocky Mountain Power's Fifth Annual STEP Program Status Report, Docket No. 22-035-13, April 29, 2022, page 1.

² Id.

³ See https://le.utah.gov/xcode/Title54/Chapter7/54-7-S12.8.html?v=C54-7-S12.8_2016051020160510.

⁴ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S103.html?v=C54-20-S103_2016051020160510.

⁵ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S104.html?v=C54-20-S104_2016051020160510.

⁶ See https://le.utah.gov/xcode/Title54/Chapter20/54-20-S105.html?v=C54-20-S105_2016051020160510.

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 they do not exceed \$50,000,000, including the EV Program, at the end of the pilot.⁷

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 costs over 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) project of the Clean Coal Technology Program, approved a Solar and Energy Storage Project, and approved a pollution curtailment project at the Gadsby generation facility. Phase Two established the Advanced Substation Metering project, Commercial Line Extension project, and other Clean Coal Technology and Innovative Utility projects. Phase Three established the EV pilot study and Time-of-Use (TOU) projects. Phase Four established projects 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 (ARMS).⁸ On May 5, 2021, the

⁷ *Supra* n3, Subsection (6).

⁸ See <https://pscdocs.utah.gov/electric/16docs/1603536/3089131603536rao6-28-2019.pdf>.

Commission approved a Utah State University study in Phase Six to research possible NOx and Volatile Organic Compounds (VOCs) mitigation through grid electrification.⁹

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.¹⁰ On February 6, 2019, the Commission approved RMP's application.¹¹

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 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, 2019.¹²

RMP provided informal status updates for select STEP programs (i.e., EV, Solar Storage, Battery Demand, Intermodal Hub, and ARMS) to interested parties from the Commission's original Phase One Report and Order approving the pilot program through the end of December 2021.¹³ The Commission ordered RMP to report the annual status of the various programs following a general format¹⁴ agreed to by the parties. RMP requested that it file its STEP report concurrently with its Report of Annual Operations. This is the fifth and final 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

⁹ See <https://pscdocs.utah.gov/electric/16docs/1603536/3186171603536o5-5-2021.pdf>.

¹⁰ See <https://pscdocs.utah.gov/electric/16docs/1603536/305479RMPApp11-13-18.pdf>.

¹¹ See <https://pscdocs.utah.gov/electric/16docs/1603536/3065761603536o2-6-2019.pdf>.

¹² See Docket No. 19-035-T12, <https://pscdocs.utah.gov/electric/19docs/19035T12/30972919035T12o8-20-2019.pdf>.

¹³ Rocky Mountain Power STEP Projects Update on September 22, 2021.

¹⁴ See <https://pscdocs.utah.gov/electric/16docs/1603536/297254CorresWiderburg10-12-2017.pdf>.

operational, maintenance, administrative, and general expenses (OMAG)¹⁵ (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 were seventeen active projects approved by the Commission throughout the STEP program. The Alternative NOx Reduction Project was abandoned and its remaining funds were used for other projects. RMP reported each project's status for each of the five years with additional quarterly reporting of a few select projects. The following summarizes each project's status, budgeted funds, and actual funds spent for the five-year pilot including invoicing commitments in 2022 as the STEP program closes out.

DSM, Regulatory Liability, USIP, and Carrying Charge

RMP includes a summary of the STEP/DSM Assets and Liabilities for calendar years 2017 through 2021 in its report.¹⁶ 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. 18-035-16.¹⁷

The USIP Program was a five-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, 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 dissolution 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

¹⁵ See 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.

¹⁶ Rocky Mountain Power's Fifth Annual STEP Program Status Report, April 30, 2022, page 1.1.

¹⁷ Public Service Commission Order, Docket No. 18-035-16, August 3, 2018, page 7, Section 3.

193, DSM, is calculated using the pre-tax weighted average cost of capital approved by the Commission in the most recent general rate case.¹⁸ 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.¹⁹ 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 2021 is \$602,503.²⁰

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 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.²¹ Large Non-Residential customers had 18 months to complete projects from the time the reservation capacity was reserved.²² 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 \$1,024,993 for 2021 and \$69,015 in interest charges.²³ The 2021 USIP Account Balance (Schedule 107 Only) is \$1,448,835.²⁴

¹⁸ See Section (2)(b)(iii), <https://codes.findlaw.com/ut/title-54-public-utilities/ut-code-sect-54-7-12-8.html>.

¹⁹ *Id.*, Section (7)(d).

²⁰ Rocky Mountain Power's Fifth Annual STEP Program Status Report, April 29, 2022, page 1.0.

²¹ 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.

²² Customers would have until June 30, 2018, to complete projects for large non-residential projects approved by December 31, 2016.

²³ Rocky Mountain Power's Fifth Annual STEP Program Status Report, April 29, 2022, page 19.0. Note that despite the program's closure in 2016, USIP expenses continue because customer incentives are paid over multiple years, ending at the close of 2023.

²⁴ *Id.*

Table 1 illustrates RMP's 2021 annual USIP Expenditures including the surcharge refunds explained above.²⁵

Table 1

2021 USIP Expenditures

Table 1. STEP USIP Account Summary (With Electric Service Schedule 107 revenues only)

Utah Solar Incentive Program Account - Through 2021

	Program Total	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenue	(23,361,688)	(961,324)	(6,293,704)	(6,320,828)	(6,317,639)	(6,323,285)	(308,633)	0	127,376	3,036,349	0
Program Expenditures:											
Incentive	24,640,754	0	981,796	2,328,676	3,292,006	4,884,763	4,766,963	3,459,713	2,317,571	1,585,779	1,023,487
Program Administration	1,303,523	0	253,665	322,664	173,248	412,866	94,788	27,098	13,807	3,881	1,506
Marketing	132,495	55,905	35,744	25,995	14,515	336	0	0	0	0	0
Program Development	130,465	30,748	99,140	577	0	0	0	0	0	0	0
Expired Deposits	(397,990)	0	0	0	(36,821)	(103,963)	(99,568)	0	(157,638)	0	0
Post CY 2018 STEP Entry	0	0	0	0	0	0	0	0	0	0	0
Cool Keeper program	(200,000)	0	0	0	0	(200,000)	0	0	0	0	0
Total Expenditures	25,609,246	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	1,024,993
Interest	(3,696,393)	(5,995)	(219,165)	(473,909)	(721,712)	(685,628)	(627,425)	(569,938)	(147,937)	(175,669)	(69,015)
USIP Account Balance (Sch. 107 only)	(1,448,835)										

Electric Vehicle Incentive Program

The EV Program is the only STEP program that has an annual use-or-lose budget.²⁶ 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 different 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 Residential) follow a fiscal year from October 1st through September 30th of each plan year.²⁷ Custom Incentive commitments follow the calendar year from January 1st through December 31st. Prescriptive incentives 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

²⁵ Id.

²⁶ 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.

²⁷ 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."

offered. This unorthodox accounting and timing allow 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 2021 for TOU Pilot Meters, Administrative, and Outreach comprise \$443,129. RMP reports \$1,097,506 of Prescriptive Incentives, including time of use rate sign-up, time of use load research study, and paid prescriptive incentives. The prescriptive incentives comprised 1,668 installed charging ports including 511 Residential AC Level 2 charging ports, 1,140 Non-Residential AC Level 2 charging ports, and 17 DC Fast charging ports. The total includes 1,017 ports installed for public and/or workplace use. With respect to the 1,017 Non-Residential ports installed, 932 ports were installed across 115 employers and 85 ports were installed across 6 multi-family properties.²⁸ RMP reports \$320,123 in Committed Custom Incentives. The Custom Incentives (Projects 19 through 22) are comprised of 82 AC Level 2 and 14 DC Fast charger ports. This equates to an estimated \$320,160 in annual spending for 2021.²⁹

The actual SAP expenditures for 2021, including 2020 prescriptive commitments for projects completed from October 1, 2020, through December 31, 2020, are \$2,477,536. Table 2 summarizes the actual EV Incentive Program expenses and commitments for 2021 and ties to the 2021 Annual STEP Status Report — STEP and USIP Accounting, page 1.0.

²⁸ Rocky Mountain Power's Fifth Annual STEP Status Report, page 2.1.

²⁹ Id., Table 2.

Table 2

2021 Electric Vehicle Charging Infrastructure - (RMP Attachment 5-2D SAP)

Program	2021 Calendar Year Expenses	2021 Budget Commitments	Program Management	Actual 2021 Expenses and Commitments
Time of Use Rate Sign-Up	\$ 3,200	\$ -	\$ -	\$ 3,200
Time of Use Load Research Study	\$ -	\$ -	\$ -	\$ -
Time of Use Meters	\$ -	\$ -	\$ 450	\$ 450
Residential AC Level 2 Chargers	\$ 88,799	\$ 3,400	\$ -	\$ 92,199
Non-Res AC Level 2 Single Port Chargers	\$ 152,771	\$ -	\$ -	\$ 152,771
Non-Res AC Level 2 Single Multi-Port Chargers	\$ 317,646	\$ -	\$ -	\$ 317,646
Non-Res & Multi Family DC Fast Chargers	\$ 279,472	\$ 14,259	\$ -	\$ 293,731
Custom Project Commitments	\$ 1,157,430	\$ -	\$ -	\$ 1,157,430
Administrative Costs	\$ -	\$ 17,430	\$ 208,313	\$ 225,743
Outreach & Awareness Expenditures	\$ -	\$ -	\$ 234,366	\$ 234,366
Exrternal OMAG	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,999,318	\$ 35,089	\$ 443,129	\$ 2,477,536

The Commission’s Phase Three Order adopted the parties’ suggestions for additional reporting requirements relating to the EV TOU portion of the program.³⁰ RMP has provided 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 \$2,442,447, (\$2,477,536 with 2022 committed funds of \$35,089) respectively, is due to SAP accounting timing for committed funds during the (January 1 through December 31) plan year, which includes the prescriptive incentives from Q4 of 2020. As each custom project is completed, the expense is recorded against the \$2,000,000 cap in the plan year the incentive was offered.³¹

The Division asked RMP in its 2020 report filing to explain its incentive offerings given the fiscal nature of the accounting for the EV program as the pilot program neared 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*

³⁰ Commission, Phase Three Report and Order, Docket No. 16-035-36, June 28, 2017, Exhibit D, EV TOU Pilot Reporting Requirements.

³¹ RMP response to DPU Data Request DPU 1.5, Docket No. 21-035-29.

*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.*³² [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 \$1,860,795 of the \$2,000,000 available 2021 EV Program funds including remaining commitments.

The Division notes that RMP contracted with the National Energy Foundation to administer a secondary school teacher-directed interactive program to educate students on EVs. The program, called "rEV," seems to have provided valuable education opportunities around EV concepts to the students.

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, 2019.³³ 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.³⁴ On February 6, 2019, the Commission approved RMP's application to reallocate the remaining funds from the Alternative NOx Reduction project composed of \$748,980 to the Woody Waste Co-Fire Project, and \$412,521 to the Cryogenic Carbon Capture Project.³⁵

RMP adjusted its 2019 SAP accounts to include 2018 external OMAG expenses. RMP provides an explanation for each external OMAG expense in the succeeding year's reports

³² *Id.*, DPU 1.6.

³³ Public Service Commission Order, Docket No. 16-035-36, August 3, 2018, page 7, Section 2.

³⁴ Rocky Mountain Power's Application to Modify Funding Amounts Previously Authorized by the STEP Plan Act, November 13, 2018.

³⁵ Public Service Commission Order, Docket No. 16-035-36, February 6, 2019, page 11, Section 1.

following the Commission’s Order in Docket No. 18-035-16. The external OMAG expense consists of \$74,250 for a contractual payment to the University of Utah for services performed on the CO₂ Enhanced Coal Bed Methane Recovery Project, a \$970 refund contained in the Cryogenic Carbon Capture Project for contractual payments to Sustainable Energy Solutions for services performed on the project, and \$14,046 paid to Brigham Young University for completed milestones. Table 3 summarizes the Clean Coal Technology program expenses.

Table 3

2021 Clean Coal Technology Programs

Program	Status	Updated Budget*	Annual Spend	External OMAG	Total
Woody-Waste Co-Fire Biomass	Complete	\$ -	\$ 274,294	\$ -	\$ 274,294
Neural Network Optimization	Complete	\$ 32,000	\$ 32,000	\$ -	\$ 32,000
Alternative NOx Reduction	Cancelled	\$ -	\$ -	\$ -	\$ -
CO ₂ Enhanced Coal Bed Methane Recovery	Complete	\$ 63,753	\$ 10,529	\$ 74,250	\$ 84,779
Cryogenic Carbon Capture (CCC)	Complete	\$ 25,000	\$ -	\$ (970)	\$ (970)
CarbonSafe	Complete	\$ -	\$ -	\$ -	\$ -
Solar Thermal Integration - Hunter Plant	Complete	\$ 13,500	\$ -	\$ 14,046	\$ 14,046
Total		\$ 134,253	\$ 316,823	\$ 87,326	\$ 404,149

*Table 1 Updated STEP Funding Budget from Phase V

The Clean Coal Technology Programs were completed with \$324,651 remaining under the revised budget of \$4,841,078 including \$10,529 of committed funds in 2022.³⁶

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.³⁷

³⁶ 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. Committed funds were invoiced in 2021 but not paid in 2021.

³⁷ Public Service Commission Order, Docket No. 16-035-36, February 6, 2019, page 11, Section 2.

RMP does not report any external OMAG expenses attributable to the Innovative Utility projects this year. The Battery Demand Response and ARMS projects had substantial expenditures as the projects met their individual milestones to close out the STEP program. Table 4 summarizes the Innovative Utility program expenses for 2021.

Table 4

2021 Innovative Utility Programs

Program	Status	Updated Budget*	Annual Spend	External OMAG	Total
Advanced Substation Metering	Complete	\$ -	\$ 241	\$ -	\$ 241
Commercial Line Extension	Complete	\$ 500,000	\$ 202,884	\$ -	\$ 202,884
Gadsby Emissions Curtailment	Complete	\$ 100,000	\$ -	\$ -	\$ -
Panguitch Solar and Energy Storage	Complete	\$ 120,000	\$ 1,658	\$ -	\$ 1,658
Microgrid	Complete	\$ -	\$ 55	\$ -	\$ 55
Smart Inverter	Complete	\$ -	\$ -	\$ -	\$ -
Battery Demand Response	Complete	\$ 230,000	\$ 1,053,418	\$ -	\$ 1,053,418
Intermodal Hub	Complete	\$ 228,653	\$ 215,320	\$ -	\$ 215,320
Advanced Resiliency Management System ARMS	Complete	\$ 9,400,000	\$ 13,492,864	\$ -	\$ 13,492,864
Study of Electrification Impacts on Uintah Basin	Complete	\$ 200,715	\$ 200,715	\$ -	\$ 200,715
Total		\$10,779,368	\$ 15,167,155	\$ -	\$15,167,155

On May 5, 2021, the Commission approved Phase Six, a Utah State University study on Projecting the Impact of the Electrification of the Uintah Basin Oil and Gas Fields on Air Quality.³⁸ The Commission approved the \$200,715 for the sixth tranche of the STEP Program of which all the allocated funds were used.

The Innovative Utility projects have been completed. The Innovative Utility Program projects were completed \$1,789,708 under budget (\$30,334,432 of the revised project budget of \$32,124,140 including 2022 invoice commitments) with \$1,395,860 left unallocated.³⁹

Budget Summary

The beginning balance for 2021 was \$19,443,913.⁴⁰ Surcharge Collections through Schedule No. 196 for 2021 was \$11,029,007. The Division concludes the variance between the \$11,029,007 collected in 2021 is reasonable compared to the \$10,000,000 allocation

³⁸ *Supra*, n9.

³⁹ 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.

⁴⁰ Rocky Mountain Power's Fifth Annual STEP Program Status Report, April 29, 2022, page 1.0.

authorized by the Commission based on the funding requirements necessary for the conclusion of the pilot. The Division notes the surcharge rates under Schedule 196 have been cancelled as of January 1, 2022. Total expenditures for 2021 are \$19,073,834 including 2022 commitments, external OMAG expenses reported above of \$87,376, SAP accounting for the EV program of \$2,477,536 including 2022 commitments, and the 2021 carrying charge of \$602,503 equating to a 2021 ending balance of \$12,001,589. Table 5 summarizes the STEP Program budget for 2021.

Table 5

2021 STEP Program Budget	
Beginning Balance	\$ 19,443,913
Surcharge Collections	\$ 11,029,007
Less: 2021 Spend	\$ (19,073,834)
Carrying Charge	\$ 602,503
Ending Balance	\$ 12,001,589

Table 6 illustrates the cumulative totals for STEP Pilot program for years 2017 through 2021 including commitments made in 2021 that run into 2022 as mentioned above.

Table 6

2017-2021 Cummulative STEP Program Budget	
Beginning Balance	\$ 15,850,031
Surcharge Collections	\$ 49,121,055
Less: Spend	\$ (57,064,583)
Carrying Charge	\$ 4,095,085
Ending Balance	\$ 12,001,588

The revised STEP Pilot budget was forecast to be \$48,029,283 for 2017 through 2021, including the modifications to the original projects and the new innovative projects authorized by the Commission in Phases Five and Six. The combined surcharge collection of \$49,121,055 and carrying charge of \$4,095,085 offsets the \$57,064,583 (including \$13,037,386 of USIP funds) in expenses resulting in the STEP Pilot running as expected with a substantial surplus 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.⁴¹

The Division asked RMP through DPU Data Request 1.6, if it had any thoughts on how unused 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."*⁴² [emphasis added]

The Division supports RMP's request that the Commission issue a public notice at its earliest convenience for a stakeholder meeting to discuss how to allocate the remaining funds and closeout the STEP Pilot.

Conclusion

The Division has reviewed RMP's Fifth and final annual STEP Program status report for January 1, 2021, through December 31, 2021, per the Commission's Order issued in Docket No. 16-035-36. The Division concludes RMP followed the Commission's Orders for additional reporting requirements through Phase Six of this proceeding. Therefore, the Division recommends the Commission acknowledge RMP's 2021 STEP Annual Status Report. The Division appreciates RMP's commitment to the STEP Pilot and adhering to the reporting requirements to keep stakeholders informed.

cc: Joelle Steward, RMP
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Emily Wegener, RMP
Michele Beck, OCS
Service List

⁴¹ See Docket No. 16-035-36, June 28, 2019, page 11, ¶ 5, <https://pscdocs.utah.gov/electric/16docs/1603536/3089131603536rao6-28-2019.pdf>.

⁴² RMP response to DPU Data Request DPU 1.6, Docket No. 22-035-13.