

June 14, 2022

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: Docket No. 22-035-13
Rocky Mountain Power's Fifth Annual Sustainable Transportation and Energy Plan Act ("STEP") Program Status Report
Reply Comments

On April 29, 2022, Rocky Mountain Power ("Company") filed its fifth annual Sustainable Transportation and Energy Plan Act ("STEP") program status report ("Report"). On May 2, 2022 the Public Service Commission of Utah ("Commission") issued a Notice of Filing and Comment Period providing comment and reply comment deadlines ("Notice"). Consistent with the Notice, the Division of Public Utilities ("Division") and the Office of Consumer Services ("Office") filed comments. The Division stated that it reviewed the Report and concludes the Company followed the reporting requirements with no recommended changes. The Office also recommended that the Commission acknowledge the Report, but raised some questions, which the Company addresses in these reply comments.

Response to the Office's Comments

STEP Close Out Stakeholder Input Meeting

As stated in the cover letter accompanying the Report, the Company intends to hold one or more meetings with interested parties to discuss various issues related to the close out of the STEP pilot program. The Office requests that the Company provide updated information regarding ongoing operation and maintenance expenses and remaining funds to the stakeholders in advance of the meeting. The Company agrees with the Office's recommendation and plans to provide the requested updated information in advance of the first meeting to facilitate the discussion.

Panguitch Storage + Solar Project

The Office notes that the Company claimed \$2.2 million investment tax credit ("ITC") on its 2020 federal income tax return. The Office also states that due to Internal Revenue Service ("IRS") normalization rules, the tax credit cannot be fully passed back to customers and that it appears the benefit of the ITC flows primarily to PacifiCorp's shareholders. The Company wishes to clarify that customers do benefit from the ITC.

June 14, 2022

Page 2

Following the IRS normalization rules does result in a sharing of benefit, but it is not accurate that the benefit flows primarily to shareholders. The IRS normalization rules require, for regulatory reporting and ratemaking purposes, that the ITC is amortized over the book life of the asset with customers benefiting in the form of a rate base deduction equal to the balance of the unamortized ITC.

The Office also requests that the Company explain how the ITC requirements for battery charging affect the functionality of the battery system and whether customers receive the full benefit of the assets. The software changes made to accommodate ITC requirements do not impact how the system delivers its benefits to customers. The photovoltaic system is expected to adequately charge the battery energy storage system to levels that would allow the battery to maintain sufficient charge for anticipated load shaving necessary to stabilize the voltage at the Pangutich substation.

As this is the final year of the annual STEP reports, the Company wishes to express its appreciation for the continued interest and efforts of the Division and Office in helping ensure the Report provides meaningful and accurate information. The Company appreciates the opportunity to file reply comments and looks forward to engagement with the parties in the close out of the STEP pilot program.

Sincerely,



Joelle Steward

Senior Vice President, Regulation and Customer & Community Solutions

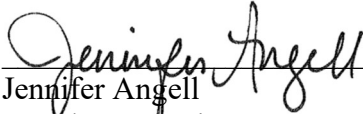
Cc: Service List - Docket No. 22-035-13

CERTIFICATE OF SERVICE

Docket No. 22-035-13

I hereby certify that on June 14, 2022, a true and correct copy of the foregoing was served by electronic mail to the following:

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