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Office of Consumer Services

UTAH DEPARTMENT OF COMMERCE

MARGARET W. BUSSE
Executive Director

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Alex Ware, Utility Analyst
Béla Vastag, Utility Analyst

Date: October 7, 2022

Re: **Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 196, Sustainable Transportation and Energy Plan (STEP) Cost Adjustment Pilot Program and Electric Service Regulation No. 13, STEP Commercial Line Extension Pilot Program**

Docket No. 22-035-T12 - OCS Comments

Background

On September 22, 2022, Rocky Mountain Power (RMP) filed with the Public Service Commission of Utah (PSC) proposed changes to RMP's Schedule No. 196 which was initially created on January 1, 2017 in Docket No. 16-035-36 to fund RMP's 5-year STEP pilot program. The STEP statute, Utah Code Section 54-20, authorized RMP to collect \$10 million per year or a total of \$50 million over 5 years to fund the projects that were approved as part of the STEP program. However, RMP did not spend all of the approximately \$50 million it collected on these projects.¹ Because the STEP pilot program has now ended, as of December 31, 2021, this filing seeks approval for RMP to modify Schedule 196 in order to refund to ratepayers the excess revenues it collected. The refunds proposed in this filing also include excess revenues collected by RMP under Schedule No. 107 for the Utah Solar Incentive Program (USIP). In addition, RMP also requests to cancel RMP Regulation No. 13 which is the STEP Commercial Line Extension Pilot Program.

The PSC issued a Notice of Filing and Comment Period on September 23, 2022 setting a schedule for comments on the proposed Schedule 196 tariff changes, with initial comments

¹RMP workpapers included with this filing show that as of June 30, 2022, RMP had collected \$52.5 million of STEP funds from ratepayers but actually spent only \$44.1 million on STEP projects. With carrying costs, RMP needed to refund \$11.2 million of excess STEP revenues to ratepayers, as of June 30, 2022.

due October 7, 2022 and reply comments due October 14, 2022. The Utah Office of Consumer Services (OCS) submits the following comments on RMP's filing in this docket.

OCS Comments

Prior to the filing in this docket, on September 8, 2022, RMP held a stakeholder meeting to discuss the closeout of RMP's STEP program and to present its proposal for refunding the excess (unspent) STEP funds to ratepayers. The OCS attended the September 8 meeting and reviewed RMP's proposal for refunding the excess funds. RMP's calculated amounts of remaining STEP and USIP funds, its proposal to refund the balances to ratepayers over a period of 12 months and the method used to spread the refund among RMP's customer classes appear to be reasonable to the OCS.

In our May 31, 2022 comments on RMP's Fifth (and final) Annual STEP Program Status Report in Docket No. 22-035-13, the OCS raised concerns on how any ongoing costs resulting from STEP projects would be funded. In those comments, the OCS requested that RMP provide information on ongoing costs before the next stakeholder meeting as these costs were not identified in the Fifth Annual STEP Program Report. At the September 8 stakeholder meeting, RMP stated that any ongoing costs (or O&M costs) would be "too small to track". Based on RMP's assurances that ongoing O&M costs for STEP projects will be de minimis, the OCS is no longer concerned about this issue.

Recommendation

The OCS recommends that the PSC approve RMP's proposed changes to Schedule 196 to refund excess STEP and USIP funds, including RMP's request to cancel Regulation No. 13, the STEP Commercial Line Extension Pilot Program.

CC: Chris Parker, Division of Public Utilities
Jana Saba, Rocky Mountain Power
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