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
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant

Date: September 1, 2023

Re: **Docket No. 23-035-T08,** Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Regulation No. 12, Line Extensions

Recommendation (Approval)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve Rocky Mountain Power's (RMP) proposed revisions to Electric Service Regulation No. 12, Line Extensions, and Sheet No. D, Index of Electric Service Regulations, effective November 15, 2023.

Issue

On August 17, 2023, RMP filed its proposed revisions to Regulation No. 12, and Sheet No. D.[1] RMP requested approval of its revised tariffs with an effective date of November 15, 2023. On August 17, 2023, the Commission issued an Action Request to the Division asking it to investigate RMP's filing and report back by August 31, 2023. On August 18, 2023, the Commission issued its Notice of Filing and Comment Period asking any person to submit comments on or before September 1, 2023.[2]

[1] Docket No. 23-035-T08, Rocky Mountain Power, *Electric Service Schedule No. 12, Line Extensions* filed August 17, 2023, https://pscdocs.utah.gov/electric/23docs/23035T08/329185Tariff8-17-2023.pdf.
[2] Docket No. 23-035-T08, Public Service Commission, *Notice of Filing and Comment Period,* August 18, 2023, https://pscdocs.utah.gov/electric/23docs/23035T08/32920023035T08nofacp8-18-2023.pdf.

Background

RMP filed with the Commission its second revision to Sheet No. D, and its first revisions to Sheet Nos. 12R.2 and 12R.7 of Electric Service Regulation No. 12, Line Extensions. RMP claims that its revisions to Schedule No. 12 are the result of a policy change to RMP's line extension policy. RMP seeks to limit the line extension allowance as defined in Section 3(e) [sic],[3] Non-Residential Extensions, of Regulation No. 12, to the cost of metering equipment necessary to measure the customer's usage for customers requiring 25,000 kVA (kilovolt-amperes) or more.[4] The Division notes that the changes to Sheet No. D are necessary to align with the renumbering of Schedule No. 12.

Discussion

RMP's revisions to Service Regulation No. 12 are the result of increases in service requests from prospective large customers, such as data centers and developers, for tens to hundreds of megawatts of load that may or may not materialize and are subject to state or system allocations. These customers currently receive an extension allowance that is a multiple of the customer's anticipated monthly revenue designed to offset the costs to serve them. Hence, if a customer's load does not materialize, the current tariff structure presents a risk to RMP's other customers who could be left to bear the unrealized costs of the infrastructure developed to serve those higher loads.[5] RMP's revisions are intended to mitigate those risks and limit the extension allowance for customers requiring more than 25,000 kVA to the cost associated with the metering equipment necessary to measure the customer's usage.

The Division finds the change to Section 1(e) reasonable with the clarification of the conditions and definitions of the extension allowance to include load size in addition to customer classification.

Changes to Section 3(b)(2) apply to customers requiring more than 1,000 kVA and less than 46,000 Volts. The proposed change sets a 25,000 kVA threshold. Customers requiring less than 1,000 kVA will remain the same as in the past. Customers requiring more than 1,000

[3] The Division believes RMP meant to use Section 3(b) versus 3(e) here.
[4] Docket No. 23-035-T03, *Supra* note 1, at page 1.
[5] *Id*., at page 2.

kVA but less than 25,000 kVA will receive an allowance of 16 times the estimated monthly revenue the applicant will pay RMP through rates. The Division supports this change. As explained further below, it makes sense that a threshold is needed to separate large load distribution customers from transmission customers that require higher levels of equipment expenditures and take service under different rate schedules that already account for those expenditures. The large load distribution customers take rates that do not account for the higher expenditures and therefore it makes sense for the extension allowance.

RMP's proposed Section 3(b)(3) covers customers requiring 25,000 kVA or greater and up to 46,000 Volts and limits an extension allowance to the metering necessary to measure the customer's usage. This new section also grandfathers those customers who have been provided a written line extension allowance *estimate* prior to August 17, 2023. Those customers will be granted an extension allowance of up to 16 times the estimated monthly revenue for distribution-voltage facilities and 20 times the estimated monthly revenue for transmission voltage (46,000 Volts or higher) facilities if the customer enters into a written line extension *agreement* prior to February 16, 2024. The applicant is subject to the same extension provisions as an applicant with a load less than 25,000 kVA.[6]

RMP supports its proposed limits by addressing the line extension allowances for large (greater than 25,000 kVA) load requests to better align with the allowance limits provided to customers with transmission level voltage (46,000 Volts and higher) load requests. A customer whose load is greater than 25,000 kVA would typically require service from a dedicated substation. RMP claims that the standard practice for such a customer is to take service at transmission voltage under Electric Service Schedule No. 9, and to own and operate a dedicated substation as the sole beneficiary of the equipment. Radial facility customers interconnected to the existing transmission grid under Schedule No. 9 are considered high-voltage distribution facilities and bear the associated costs. These customers are not eligible to receive the standard allowance for non-residential customers because Schedule No. 9 rates do not include any costs for distribution facilities other than metering equipment. Under Schedule No. 9, large customers are charged lower rates in

[6] Docket No. 23-035-T08, *Supra* note 1, at page 3.

exchange for paying up-front line extension costs, and existing customers do not subsidize investments to serve large new loads.[7]

The Division consulted with RMP staff to gain a better understanding of the 25,000 kVA threshold.[8] RMP staff explained that the 25,000 kVA threshold is based on historical engineering studies that determined the average kVA point at which customers would need dedicated substations and be offered transmission rates under Schedule No. 9. The Division concludes that RMP's proposed changes to Schedule No. 12, Sections 3(b)(3), are reasonable with clarification for the proposed 25,000 kVA threshold.

RMP proposes the addition of Section 3(b)(4) to address the extension allowance for customers where it is necessary for RMP to increase the capacity of its facilities to serve the customer's additional load. The change would add a sentence to the end of the current Section 3(b)(3) that calculates the extension allowance for the additional capacity subject to the same provisions of a new line extension according to customer service voltage, total load size, and permanency.[9] The Division supports this change as it is necessary for clarification of the provisions to obtain service for those customers requesting extension allowances for additional capacity that includes voltage, load size, and permanency.

The Division's understanding of RMP's proposed line extension allowance changes are summarized below:

Less than 1000 kVA and Under 46,000 Volts	**No Change**
1000 kVA but less than 25,000 kVA and Under 46,000 Volts	**16 Times Total Revenue**
Greater than 25,000 kVA and 46,000 Volts or Greater	**Necessary Metering Costs**

[7] *Id.,* at page 4.
[8] Docket No. 23-035-T08, *DPU/RMP Google Meet,* August 24, 2023.
[9] Docket No. 23-035-T08, *Supra* note 1, at page 4.

The Division notes that RMP's filing contains a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule under Utah Administrative Code R746-405-2(D)(3)(g).

Conclusion

The Division concludes that RMP's filing with the proposed revisions are just, reasonable, and in the public interest. Therefore, the Division recommends that the Commission approve RMP's filing with an effective date of November 15, 2023.

cc: Joelle Steward, RMP
Jana Saba, RMP
Michele Beck, OCS