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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 1, 2023
Subject: Docket 23-035-T08 – OCS Comments
Rocky Mountain Power’s Proposed Tariff Changes to Electric Service Regulation No. 12 – Line Extensions

INTRODUCTION

On August 17, 2023, Rocky Mountain Power (“RMP”) filed with the Utah Public Service Commission (“PSC”) proposed changes to its Electric Service Regulation No. 12 which covers customer Line Extensions. On August 18, 2023, the PSC issued a Notice of Filing and Comment Period setting deadline of September 1, 2023 for parties to file initial comments and September 8, 2023 for reply comments on RMP’s requested changes to the Line Extensions Tariff. Pursuant to the PSC’s Notice, the Utah Office of Consumer Services (“OCS”) submits these initial comments in this docket.

OFFICE OF CONSUMER SERVICES COMMENTS

Background on RMP’s Requested Changes to Regulation No. 12 – Line Extensions

RMP is proposing changes to Section 3 of Electric Service Regulation No. 12 which covers non-residential line extensions. Specifically, RMP is proposing changes to how extension allowances are calculated for non-residential customers. The current language in this regulation addresses allowances for three different voltage and load levels of non-residential customers, i.e. those taking service at the levels outlined below:

1. At 46,000 Volts and above,
2. Below 46,000 Volts with loads at 1,000 kVA or less, and
3. Below 46,000 Volts with loads over 1,000 kVA.¹

The line extension allowances for these three tiers of customers currently have the following limits applied:

1. For customers connecting at 46,000 Volts and above, Regulation No. 12 limits the extension allowance to the cost “of the metering necessary to measure the Customer’s usage.”²
2. For customers connecting below 46,000 Volts and with loads of 1,000 kVA or less, the allowance may be “up to 16 times the estimated monthly revenue the Applicant will pay the Company.”³
3. For customers connecting below 46,000 Volts and with loads over 1,000 kVA, the allowance may be up to 16 times or up to 20 times their estimated monthly revenue depending on circumstances.⁴

In its filing requesting changes to Regulation No. 12, RMP states it is seeing more requests from large potential customers seeking to connect below the 46,000 Volts limit (tier 3 listed above) and qualify for line extension allowances of either 16 times or 20 times their estimated monthly revenue. These are very large potential customers, such as a data center that would bring tens to hundreds of megawatts (MW) of load to the system.

In an informal meeting with the OCS, RMP stated that it normally would expect this type of large customer to connect at a transmission-level voltage (above 46,000 Volts), own and pay for its substation facilities and then would only be eligible for a line extension allowance limited to the cost of the metering equipment required to measure their usage. RMP stated that Regulation No. 12 currently allows such a customer to connect below 46,000 Volts (i.e. at the distribution level) and potentially claim a line extension allowance in the millions of dollars. RMP’s response to OCS Data Request 1.4 formally confirmed that currently one potential customer in Utah is seeking a connection below 46,000 Volts and has a written line extension allowance estimate from RMP that is over \$1 million.

RMP’s filing states that the way the current Regulation is written which allows for such large line extension allowances presents a risk that the cost of these expensive line

¹ A kVA or kilovolt-ampere is similar to a kW or kilowatt. A kW measures actual or working power while a kVA measures apparent power. If an electrical system is 100% efficient, i.e. its power factor (PF) equals 1, then measured kVA will equal kW. If a system is 80% efficient (PF = .8), then 1,000 kVA equals 800 kW.

² See Electric Service Regulation No. 12, Original Sheet No. 12R.6, filed January 13, 2021, Section 3.(a).

³ Id., Sheet No. 12R.7, Section 3.(b)(1).

⁴ Id., Section 3.(b)(2).

extensions could be shifted to other customers if the potential new customer's load does not materialize. RMP proposes setting a load limit (kVAs) above which a customer no longer qualifies for an allowance based on either 16 or 20 months of revenue. RMP proposes to set the limit at 25,000 kVA. In our meeting, RMP explained that the 25,000 kVA limit was chosen because the company's engineers have advised RMP that at around 25,000 kVA, a large customer would require their own dedicated substation, incentivizing them to connect at the transmission level which does not qualify for a large line extension allowance but does provide them other cost saving benefits. RMP's proposed changes would replace Regulation No. 12's two tiers that are for connections below 46,000 Volts (as described above) with three tiers instead as follows:

1. Connect below 46,000 Volts and with a load of 1,000 kVA or less,
2. Connect below 46,000 Volts and with a load above 1,000 kVA but below 25,000 kVA, and
3. Connect below 46,000 Volts and with a load above 25,000 kVA.

The proposed new tariff language sets the line extension allowance limits for each of these three new tiers as follows:⁵

1. 1,000 kVA or less - . the allowance may be "up to 16 times the estimated monthly revenue the Applicant will pay the Company.
2. Over 1.000 kVA but below 25,000 kVA - the allowance may be up to 16 times or up to 20 times their estimated monthly revenue depending on circumstances.⁶
3. Over 25,000 kVA - limits the extension allowance to the cost "of the metering necessary to measure the Customer's usage".

RMP also added some new language to the tariff that would grandfather the current Regulation No. 12 terms for those customers who have executed a master electric service agreements ("MESA") before August 17, 2023 (the filing date of these proposed tariff changes) and to also allow any customers up to 6 months beyond August 17, 2023 to execute a MESA if they currently have a written line extension allowance estimate from RMP.

The OCS Supports RMP's Proposed Changes to Regulation No. 12

The OCS appreciates RMP being proactive and bringing this issue to regulators' attention. The OCS agrees with RMP's assessment that these changes are needed to prevent potential cost shifts to other ratepayers due to these large line extension allowances. The proposed changes can prevent large customers from "gaming" the system by qualifying for million dollar extension allowances, shifting the risk of paying

⁵ See RMP's August 17, 2023 filing, pdf pages 30 and 31 (i.e. First Revision of Sheet No. 12R.7 Canceling Original Sheet No. 12R.7).

⁶ Id., see Section 3(b)(2).

for costly line extension equipment to other ratepayers. Therefore, these proposed changes are in the public interest because they will encourage large customers to become transmission-level customers rather than connect at the distribution level.

The OCS supports RMP's proposed changes; however, in the future the OCS requests that RMP better explain updates to this tariff or to similarly complicated or technical tariffs when it initially files them with the PSC.

RECOMMENDATION

The OCS recommends that the PSC approve RMP's proposed changes to Electric Service Regulation No. 12 – Line Extensions.

cc:

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