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September 18, 2023

Ms. Joelle Steward
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, UT 84116

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

Dear Ms. Steward:

The Public Service Commission (PSC) reviewed Rocky Mountain Power's (RMP) August 17, 2023 filing ("Filing") proposing revisions to Tariff P.S.C.U. No. 51, Electric Service Regulation No. 12 ("Regulation 12"), Line Extensions,[1] Sheet Nos. D, 12R.2, and 12R.7 ("Regulation 12 Revisions"). Regulation 12 effectively administers line extension allowances (LEAs) for prospective customers seeking electric service for delivery of loads of varying size under 46,000 Volts ("Applicants"). Applicants currently receive an extension allowance up to a multiple of the Applicant's anticipated monthly revenue designed to offset the costs to serve it. The Filing explains RMP is receiving with increasing frequency, requests from Applicants for electric service of large loads seeking to connect below the 46,000 Volts limit (*e.g.*, data center operations) and qualify for LEAs of either 16 times or 20 times their estimated monthly revenue. The proposed changes seek to limit the LEAs of Regulation 12 to prevent shifting attendant costs to RMP's other customers.

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[1] Applicants requesting an extension pursuant to Regulation 12.1(e) may be provided an extension allowance under Regulation 12.1(f), which is the portion of the extension that RMP may provide, or allow, without cost to the Applicant. The portion will vary with the class of service that the Applicant requests and is the lesser of: the maximum potential extension allowance; or, RMP's total costs for constructing an extension using its standard construction methods.

According to the Filing, if an eligible Applicant receives an LEA but its anticipated load fails subsequently to materialize, current Regulation 12 provisions may fail to protect other RMP customers from bearing the costs of the expensive infrastructure, due to sufficient offsetting revenue from the Applicant. To reduce this cost-shifting risk and preserve some flexibility for customers to take service under other applicable schedules, RMP proposes to a) limit customer provisions that were previously applicable to customers requiring more than 1,000 kVA to only apply to those requiring over 1,000 kVA but less than 25,000 kVA, and b) limit the LEA to the cost of metering equipment necessary to measure RMP's usage for applicants requesting more than 25,000 kVA. LEAs previously available to customers requiring less than 1,000 kVA remain unchanged, and the proposed changes include clarifications regarding LEAs for customers that will depend on characteristics such as total load size and customer classifications. The Filing explains the proposed Regulation 12 amends the LEAs based on cost causation principles[2] and protects applicants who have executed a master electric service agreement (MESA) prior to the date of the Filing or have previously received a written estimate under current Regulation 12 provisions.[3] Additionally, the Filing explains that subsequent load requests would be subject to the provisions of the revised tariff if approved.

The PSC also reviewed the comments filed by the Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) filed on September 1, 2023 ("DPU Comments" and "OCS Comments," respectively). According to DPU Comments, RMP explained the 25,000 kVA threshold is based on engineering studies that determined the average kVA point at which customers would need dedicated substations and be offered transmission rates under Schedule No. 9. With this clarification, DPU states it supports the proposed tariff changes as just, reasonable, and in the public interest.

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[2] The Filing states the proposed changes align with the limited allowance provided for transmission voltage (46 kilovolts and higher) load requests. A customer whose load is greater than 25,000 kVA would typically require service from a dedicated substation, and RMP's standard practice is for such a customer to take service at transmission voltage under Electric Service Schedule No. 9 ("Schedule No. 9") and to own and operate the dedicated substation as the sole beneficiary of this equipment. Additionally, radial facilities required to interconnect an individual customer to the existing transmission grid under Schedule No. 9 are functionally considered high voltage distribution facilities, and such cost responsibility is borne by that Schedule No. 9 customer. This disqualifies the Schedule No. 9 customer from receiving the standard LEA for non-residential customers as those customers are charged lower rates in exchange for paying upfront line extension costs, and existing customers do not subsidize investments to serve large new loads. *See Filing at 4*.

[3] The proposed Regulation 12.3(b)(3) indicates that each customer with a MESA executed prior to the filing date of August 17, 2023 will receive a LEA in accordance with the terms of the executed MESA. Applicants that have previously received a written LEA estimate under the current provisions of Regulation 12 will be allowed six months from the August 17, 2023 filing date to execute a MESA with RMP using the allowance included in the written estimate.

OCS agrees the proposed changes are necessary to prevent potential cost shifts to ratepayers that these large LEAs permit, and can prevent Applicants from "gaming" the system by qualifying for costly LEAs while shifting the funding burden onto other RMP ratepayers.[4] OCS recommends the PSC approve the proposed changes, and also requests RMP better explain updates to similarly complicated, technical tariffs in its initial filings with the PSC.

Based on its review of the Filing, the comments and recommendations of DPU and OCS, and there being no opposition, the PSC finds and concludes the proposed changes to Regulation 12 are just and reasonable in result because they minimize potential inappropriate cost shifts to other customers. Based on evidence submitted by OCS that current LEAs may be subsidizing one such customer, resulting in a potential increase in rates of the general body of ratepayers,[5] the PSC also finds and concludes the proposed changes are in the public interest because they align customer behavior with the appropriate usage-based schedule. Accordingly, the tariff revisions are approved as filed, effective November 15, 2023.

Sincerely,

/s/ Gary L. Widerburg
PSC Secretary
DW#329870

[4] OCS Comments at 3-4.
[5] OCS Comments at 2.