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DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission of Utah
From: The Office of Consumer Services
Michele Beck, Director
Béla Vastag, Utility Analyst
Date: June 3, 2024
Subject: Docket No. 24-035-T05 – OCS Comments
Rocky Mountain Power's Proposed Tariff Changes to Electric Service Regulation No. 12 – Line Extensions

INTRODUCTION

On May 16, 2024, 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. This latest request¹ by RMP to change its Line Extensions Service Regulation asks the PSC to require nonresidential customers over 1,000 kVA to advance RMP 100% of the costs exceeding the Extension Allowance prior to construction beginning (versus 50% in the current tariff).

On May 17, 2024, the PSC issued a Notice of Filing and Comment Period setting deadline of June 3, 2024 for parties to file initial comments and June 10, 2024 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 again proposing changes to Section 3 of Electric Service Regulation No. 12 which covers nonresidential line extensions.¹ Specifically, RMP is proposing changes to a part of Section 3(b)(2) that addresses how much of the line extension costs that exceed the extension allowance a larger customer (over 1,000 kVA) must advance to RMP before construction of the line extension begins. Currently the Regulation requires

¹ In Docket No. 23-035-T08, on August 17, 2023, RMP filed a request to make changes to the Line Extensions Regulation regarding how extension allowances would be calculated for large non-residential customers.

an advance of 50% and RMP proposes to change the requirement to 100% with this filing.

RMP is proposing this change for two reasons:

1. Line extension costs for a large customer can be substantial and requiring an advance of only 50% of the net cost² creates the risk of a large stranded asset if the customer ultimately does not take electrical service from RMP.
2. Requiring a 100% advance for large customers aligns this policy with that for small customers (less than 1,000 kVA) who are already required to advance 100% of the net costs by the Regulation.

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

In response to Division of Public Utilities ("DPU") discovery request 1.2, RMP stated that it does not know of any instances of "where it was materially harmed when a customer failed to pay any balance owed on their line extension costs." However, in its response to DPU 1.2, RMP also stated:

"...the Company is currently receiving an unprecedented level of large new load requests. These projects often require significant investment over multiple years. Therefore, the Company is recommending changes to the line extension policy to proactively manage the risk of non-payment."

The OCS submitted a discovery request to RMP asking for information on recent requests for line extensions for customers requesting service over 1,000 kVA. RMP's response to OCS 1.2, Attach OCS 1.2.xlsx, showed 62 in-process line extension projects in Utah with project costs over \$1 million. Seven of these line extension projects had costs which ranged from approximately \$250 million to \$980 million. These 62 projects had costs totaling over \$5.3 billion.³

The OCS agrees with RMP that costs of such magnitude as described above create substantial risk; and therefore, the OCS supports RMP's proposed changes in this filing. Further, the OCS agrees it is appropriate to create more consistency with the policy associated with smaller customers – i.e. all customers are required to advance 100% of net costs.

² Net cost is the line extension construction cost less the customer's line extension allowance. Line extension allowances are also defined in [RMP Electric Service Regulation No. 12](#).

³ The OCS asked for information for projects that were requested in 2022 to 2024. Six of the seven most costly in-process projects (≥ \$250 million) started in 2023, the remaining one in 2022. Overall, RMP's response to OCS 1.2 showed that RMP currently has 164 in-process line extension projects in Utah for customers with projected loads of 1,000 kVA or more.

The OCS is also curious how RMP contractually manages and finances over \$5 billion of on-going line extension costs in Utah. Thus, the OCS requests that RMP provide a brief explanation of these issues in its reply comments in this docket.

RECOMMENDATION

The OCS recommends that the PSC approve RMP's proposed changes to Electric Service Regulation No. 12 ("Line Extensions") to require large customers (greater than 1,000 kVA) to pay an advance of 100% of net costs before construction is begun on a line extension. In addition, the OCS requests that RMP provide information in its reply comments explaining how it manages the very large line extension costs, including the large quantity of requests, described above.

cc:

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Chris Parker, Division of Public Utilities