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Division of Public Utilities
UTAH DEPARTMENT OF COMMERCE

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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
Abdinasir Abdulle, Utility Technical Consultant Supervisor
David Fields, Utility Analyst
Savannah Torman, Office Specialist

Date: June 18, 2025

Re: **Docket No. 25-035-T07,** TARIFF Rocky Mountain Power's Proposed Changes to Schedule No. 140, Non-Residential Energy Efficiency Program.

Recommendation (Approve)

The Division of Public Utilities (DPU or Division) has reviewed the tariff filing and recommends the Public Service Commission (PSC or Commission) approve Rocky Mountain Power's (RMP or Company) proposed revisions to Schedule 140, Non-Residential Energy Efficiency Program (Program).

Issue

On June 11, 2025, RMP filed with the Commission proposed tariff revisions to Electric Service Schedule No. 140, Non-Residential Energy Efficiency Program. The proposed changes are intended to align with targets in the 2025 Budget and Savings Forecast for Wattsmart Business. They were included in the Demand Side Management (DSM) Deferred Account and Forecast Report, which was filed on November 1, 2024, in Docket No. 24-053-37. The Company requests an order to approve the proposed revisions, effective July 11, 2025.

Background

The Non-Residential Energy Efficiency Program is administered through Electric Service Schedule 140 of RMP's Electric Service Tariff. It is intended to maximize the efficient utilization of energy for new and existing non-residential loads by installing energy efficiency measures and energy management protocols. The Schedule 140 tariff sheets were initially proposed in Docket No. 13-035-89 and approved with an effective date of July 1, 2013. At that time, the Company felt it was essential to have more granular information and details on the tariff from a control and risk standpoint, given that the Program was still in its infancy. Over time, achieving energy efficiency and savings cost-effectively and adapting quickly to market conditions became increasingly difficult. In 2020, the Company proposed changes to streamline the Schedule 140 tariff sheets to accommodate necessary flexibility with its offerings. These changes became effective October 2, 2020, with the approval of Docket No. 20-035-T06. The Company continues to monitor market fluctuations and modify the Program as necessary.

On June 11, 2025, the Commission issued an Action Request for the Division to investigate RMP's filing and make recommendations by June 25, 2025. Subsequently, the Commission issued a Notice of Filing and Comment Period, requesting comments by June 26, 2025, with reply comments by July 3, 2025. This memorandum represents the Division's response to the Commission's Action Request.

Discussion

The filing proposes changes to Schedule No. 140, which will streamline and align rates with targets and current market conditions. The proposed adjustments are identified and detailed in various tables of the Advice Letter and Exhibit A of the filing. They will modify or add the following:

1. Restructure lighting offers to better align with actual energy savings.
2. Discontinue Green Motor Rewinds and clarify eligible categories for HVAC and Building Envelope measures.

3. Expand the Small Business Enhanced program to include medium-sized customers, rename the program to Small and Medium Business Express, and restructure offerings to focus more on lighting controls.
4. Shift market incentives to distributors to better influence stocking practices.
5. Adjust the Whole Building construction phase incentives to distinguish between all-electric HVAC versus other HVAC systems and add a new offering for Green Building Certification.

In addition to the above changes, the Company provided an analysis of the cost-effectiveness of its programs, incorporating the amendments. The Non-Residential Energy Efficiency Program changes are expected to remain cost-effective under the Utility Cost Test (UCT) and the Participant Cost Test (PCT) in all scenarios (Base, High, and Low participation cases). Nevertheless, the Total Resource Cost (TRC) test and the Rate Impact Measure (RIM) test are *not* expected to pass. The failure of the TRC test is primarily due to the high cost of lighting measures relative to the kWh savings, despite lighting being a critical component for customer participation. The Ratepayer Impact Measure (RIM) fails because retail rates used to calculate lost revenue are higher than avoided costs. Rocky Mountain Power (RMP) maintains that its proposed offerings are fundamentally in public interest, a conviction that stands even considering certain less-than-optimal cost-benefit analyses. The company acknowledges that not all measures of cost-benefit ratios have yielded unequivocally positive results, yet it underscores the broader, long-term advantages these offerings are expected to bring to its customers and the wider energy landscape.

On May 29, 2025, the Company shared a draft Advice letter with the DSM Steering Committee for review and comments.

The Company's Advice Letter for this matter complies with Utah Administrative Vode R746-405-2(D), which requires a statement that the tariff sheets proposed do not violate state law or Commission rule.

Conclusion

The Division concludes that RMP's filing is reasonable and appropriate to adjust Schedule No. 140 and enable the Company to update for market conditions.

The Division recommends that the Commission grant approval of RMP's revised Tariff Schedule No. 140, filed on June 11, 2025, to become effective on July 11, 2025, but advises caution, highlighting that RMP has not achieved success across all metrics related to sustainability. This nuanced stance reflects a desire to balance the potential benefits of the offerings with a prudent awareness of their financial implications and the need for continued oversight.

cc: Michael Snow, RMP
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Michele Beck, OCS