BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF PACIFICORP FOR AN INCREASE IN ITS RATES AND CHARGES	)))))	DOCKET NO. 01-035-01

UTAH ENERGY OFFICE'S PETITION FOR REHEARING OR RECONSIDERATION

Pursuant to Utah Code Ann. § 63-46b-12 and the Utah Public Service Commission's ("Commission") Report and Order issued September 10, 2001 ("Order"), the Utah Energy Office hereby seeks rehearing or reconsideration of the Commission's Order with regard to the issues set forth herein.

I. The Commission should clarify what it intends the Company to include as part of its filing of an "interim update of the IRP".

Based on testimony of the Utah Energy Office's expert witness and evidence provided by the Tellus Report, the Commission's Order acknowledged "... rate payers could benefit from increased investment in DSM....". (Order, page 39) In oral testimony, the Tellus Study was represented by Dr. Nichols as a major, fully documented analysis of efficiency technologies and practices and the potential for accelerating their penetration among energy users, based on analysis of Utah's specific electricity using market segments. Dr. Nichols explained that the bulk of the work in the Tellus Study involved matching technology-based program concepts to the specific nature of Utah markets (Nichols, TR., Pages 597-598). In issuing its Order the

Commission directed PacifiCorp ("the Company") to "...evaluate each program and incorporate cost-effective demand-side resources in the next interim update of the IRP." It is not clear what the Commission has directed the Company to file. The Commission's Order requires more specificity. As part of the "next interim update of the IRP", the Commission should direct the Company to revise RAMPP-6, in collaboration with the Energy Efficiency Advisory Group, and specifically evaluate the DSM programs identified in the Tellus Report.

II. The Commission Order should establish a date certain for the Company's filing of its next interim update of the IRP.

The Commission's Order directed the Company to file an "interim update of the IRP" yet established no date for the update to be filed with the Commission. As practiced in Utah, the Company's integrated resource plan, Resource and Market Planning Program-RAMPP, is a biennial filing and the result of two years of work by the Company and the Public Advisory Group. RAMPP-6 was due December 31, 2000. According to the two year schedule of the Company's planning process, RAMPP-7 will be due December 31, 2002. If the Commission intended the interim update to be a mid-term report it would be due December 31, 2001. While this schedule would appear to be aggressive, the UEO submits that in support of this filing date is the Commission's expressed interest "...in programs that can cut peak demand." (Order, Page 39). A filing date of December 31, 2001 is needed to allow sufficient lead-time to ensure that programs are thoroughly reviewed by the Energy Efficiency Advisory Group and implemented prior to the 2002 summer peak season.

III. In order to achieve the objectives stated in the Order, the Commission should direct the Company to file a plan to clarify how it intends to revise the RAMPP process and methodology to ensure that all cost-effective measures are identified as part of the next interim update of the IRP and RAMPP-7.

If the Commission is to rely on the existing RAMPP process to model and identify all feasible and cost-effective DSM resources for the "next interim update of the IRP", then its objective as stated in the Order will not be achieved. In its Order the Commission directed the Company to "...evaluate each program and incorporate cost-effective demand-side resources in the next interim update of the IRP." (Order, p. 39) In addition the Commission expressed that it is "particularly interested in programs that can cut peak demand," and that "[l]oad control measures may prove particularly promising to cutting costs." Id. However, the record in this case clearly establishes that RAMPP as currently constituted does not identify all cost-effective DSM., particularly load management and load control measures. *See* Nelson, TR., at p. 674, lines 16-24; Hedman, TR., at p.630, lines 9-11; and Nichols, TR. at p.569, lines 20-22 and TR. at p. 536, lines 8-13.

It is uncontested that RAMPP-6 simply does not include load management and load control programs as either a supply-side option or a demand-side option. In its Order the Commission singles out "load control measures" as "particularly promising". However, the Commission must recognize that load control programs will not be evaluated in the next interim update of the IRP or RAMPP-7 as the RAMPP methodology and assumptions are presently constituted.

It is also clear from the record that RAMPP does not consider many energy efficiency programs which may save electricity supply costs for Utah rate payers. RAMPP only looks at demand side options when they are needed from the standpoint of providing capacity to meet reserve margin requirements. (Nichols, TR. 601) For example, the potential of DSM to displace generation from costly existing resources is ignored. The energy efficiency programs that Dr.

Nichols identified as feasible and cost-effective will not be evaluated in the interim update of the IRP or the RAMPP-7 as the RAMPP methodology and process are presently constituted.

To the extent that the Commission's September 10, 2001 Order represents a preference for the evaluation of DSM through the RAMPP process, the UEO petitions the Commission to order the Company to file a plan within 30 days on how it intends to revise the RAMPP process and methodology to ensure that all cost-effective DSM resources are identified. Three elements must be considered and part of the an effective and successful IRP process to meet the needs of the Company's Utah customers in a least-cost manner.

1. An effective IRP process must include load controls and load management options.

2. In evaluating any demand-side resource an IRP process would include but not be limited to resources that are needed only from a loads and resources perspective. Nichols, TR. 602. It would also include resources that are needed from a least-cost perspective because they would reduce the utility revenues to be collected from rate payers. If the Company's IRP was based on economic as well as reliability need, the DSM resources identified would be on the order of five to six times the amounts identified in RAMPP-6. Nichols, TR. 570.

3. Finally, the IRP, properly designed, must be linked to the business decisions of the Company. The IRP must consider a full range of feasible supply-side and demand-side options and assess them against a set of documented and reviewed data and forecasts. As such, the IRP becomes a resource strategy for the Company to meet energy needs on a least-cost basis and governs the selection of power plants, investment in other electricity supply options and demand-side resources and measures. Under today's conditions it is essential IRP have a purpose beyond simply being acknowledged by the Commission as meeting guidelines.

IV. The Commission erred by not directing the Company to bring forth DSM programs in the areas identified by UEO's witness while the Commission and Company address the shortfalls in the existing RAMPP process.

The Commission Order stated that the "record is insufficient for us to make a definitive finding that the programs outlined in the Tellus report are the most cost-effective resources available to the Company" and indicated a preference for these DSM programs and measures to be evaluated through the RAMPP process. However, the evidence on the record is clear and uncontested that the RAMPP process and methodology will not evaluate or identify all feasible and cost-effective DSM resources, particularly load control measures. *See* Nelson, TR., at p. 674, lines 16-24; Hedman, TR., at p.630, lines 9-11; and Nichols, TR. at p.569, lines 20-22 and TR. at p. 536, lines 8-13. Moreover, precedence for Commission approval of DSM programs outside of the RAMPP process has already been established. In its Order Approving Tariff Filings issued July 18, 2001 ("July Order"), for PacifiCorp's application for four new demand-side management programs, the Commission wisely approved new DSM programs that were evaluated independent of RAMPP. Furthermore, it urged parties to "...investigate additional coste-effective DSM programs and bring them to the Commission for approval as soon as reasonable."

Absent a RAMPP process and methodology that will adequately identify cost-effective DSM resources in a *timely manner*, the UEO requests the Commission order the Company to evaluate each program identified by Dr. David Nichols and the Tellus Study outside of the RAMPP process, and file additional DSM tariffs for review by the Energy Efficiency Advisory and approval by the Commission.

CONCLUSION

A reconsideration is necessary for the Commission to clarify what it expects the Company to include in an interim update of the IRP, to establish a deadline for filing the interim IRP update, and to order the Company to file a plan to revise the RAMPP process to ensure that cost effective measures of DSM are identified for the next interim update of the IRP and RAMPP-7. The Commission should order the Company to bring forth DSM programs as identified by Utah Energy Office, while the Commission and the Company address the shortfalls in the RAMPP process. Doing so will ensure the benefits of Demand Side Resources flow to Utah rate payers in a timely manner.

Dated this 10th day of October, 2001.

Respectfully submitted,

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