

May 20, 2010

***VIA ELECTRONIC FILING
AND HAND DELIVERY***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Docket No. 09-035-36

On May 4, 2010, the Office of Consumer Services (Office) and the Division of Public Utilities submitted separate memorandums to the Commission containing comments on Rocky Mountain Power's (Company) 2nd Year Plan and Budget for the Strategic Communications and Outreach Plan for Utah Demand-side Management Programs (2nd Year Plan), which was filed for approval with the Commission on April 1, 2010. The Company provides the following responses to the issues raised by the Office and Division.

Budget vs. Actual Variance Report

In their comments, the Office notes that the Company did not provide a budget variance report in the 2nd Year Plan. The Office cites the Commission's November 9, 2009 order in this Docket, which granted approval of the Company's 1st year plan for this program, as requiring the Company to file a budget variance report in the 2nd Year Plan. Regarding budget variance reports, the Commission stated the following in the November 9, 2009 order:

“The Division further recommends that the Company be required to include a variance report in future budgets and reports to evaluate how well actual program expenditures compare to the budgeted items.” (Page 4)

“The Company shall include a variance report in all future reports and budgets submitted in accordance with of prior Order in this Docket.” (Page 5)

Rocky Mountain Power understands this order requires the Company to provide a budget variance analysis in all reports provided to the Commission in this docket which report on actual program performance. In this docket, the Commission ordered the Company to provide quarterly program progress reports to the DSM Advisory Group.¹ Reports for program activity for the periods of June 2009 through September 2009, October 2009 through December 2009 and

¹ Commission order in this docket dated June 11, 2009.

January 2010 through March 2010 have been provided to the DSM Advisory Group and all reports contained budget vs. actual comparisons for program spend. Further, the Commission's June 11, 2009 order in this docket requires the Company to submit an annual report on program effectiveness by August 31 of each program year², beginning in 2010. The program year 1 report provided to the Commission later this year will contain a budget variance analysis for program year 1 activities.

As the filing provided to the Commission on April 1, 2010 in this docket was a proposal for year 2 of the program, the Company did not believe it was necessary to include a budget variance analysis for program year 1 in this filing, nor did the Company believe it was the Commission's intent that the 2nd Year Plan contain such information. Further, the Company would note that at the time of filing of the 2nd Year Plan, three months remained in year 1 of the program.

In an effort to address the Office's concerns, the Company provides herewith as Attachment A³ a budget variance analysis of program year 1 expenditures through March 2010. The Company also seeks clarification from the Commission whether program filings going forward in which future program plans are submitted for approval are required to contain budget variance analysis information.

Budget Detail

Regarding the program year 2 budget provided by the Company in its 2nd Year Plan, the Office recommended that the Commission require the Company to provide program budget information at a more granular level in program filings going forward. In response to this issue, Rocky Mountain Power proposes this issue be addressed at the next DSM Advisory Group meeting. Budget information in future filings in this docket will be provided at the level of detail agreed to by parties at that meeting.

Cool Keeper and Vampire Energy

The Office in their comments expressed concern with the media created to promote the Cool Keeper program stating the ad provided in the 2nd Year Plan does not describe the program well, is not convincing and that the focus and explanation of the program in the ad needs to be improved. The Company appreciates this feedback and is continually looking for ways to improve its DSM program messaging. At the next DSM Advisory Group meeting, the Company would be happy to engage in a discussion regarding improving the effectiveness of the Cool Keeper program advertisements. Further, the Company is working with the Governor's Office regarding a possible promotional effort to increase voluntary enrollment in the program. Prior to implementation, this effort will be reviewed with the DSM Advisory Group.

² Program years run from July 1 through June 30 of the subsequent calendar year.

³ The Company notes this information was provided to the DSM Advisory Group in the January 2010 – March 2010 program quarterly report which was distributed on May 11, 2010.

The Office also expressed interest in media which addresses vampire energy usage. During the next DSM Advisory Group meeting, the Company will seek to better understand and address issues related to the ads regarding vampire energy.

Tiered Rate Structure

The Division notes in their comments that while the 2nd Year Plan mentions the objective of educating customers about the summer tiered pricing structure, nothing in program year 1 or the 2nd Year Plan address the provision in the stipulation reached in the cost of service, rate spread and rate design phase of the 2007 general rate case (Docket No. 07-035-93) which required the Company to initiate an education program for residential customers regarding the Company's residential rate structure and energy efficiency.⁴

During the summer of 2009, the Company ran advertisements to educate customers about the tiered rate structure using print, radio and television media and included inserts in customer bills. These are provided herein as the following: Attachment B – English print ad, Attachment C – Spanish print ad, Attachment D – bill insert (included in June 2009 bills), Attachment E – radio ad and Attachment F – television ad. The Company intends to run some of these ads again during the summer of 2010 and has created new print material, provided as Attachment G, regarding the tiered rate structure which is scheduled to run this summer as well.

Informal inquiries regarding this correspondence may be directed to Aaron Lively, regulatory manager, at (801) 220-4501.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

⁴ Refer to Stipulation in Cost of Service, Rate Spread and Rate Design – Phase II filed with the Commission in Docket No. 07-035-93 on September 29, 2008 (paragraph 10 b)