



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities
Phil Powlick, Director
Energy Section
Artie Powell, Manager
Abdinasir M. Abdulle, Technical Consultant
Thomas Brill, Technical Consultant

Date: December 2, 2010

Re: 10-035-57 – Utah Demand-Side Management Semi-Annual Forecast for 2011

RECOMMENDATION (Acknowledgement)

The Division of Public Utilities (Division) recommends that the Commission acknowledge the 2010 Semi-Annual Forecast Report filed by Rocky Mountain Power (RMP or Company) as being in compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation. The Division also recommends that the Commission direct the Company to file a proposal to reduce the Utah DMS tariff rider collection rate.

ISSUE

In Compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08, on November 1, 2010, the Company filed its 2011 Demand-Side Management Semi-Annual Forecast, which contains an analysis of the DSM balancing account. On October 4, 2010, the Commission issued an Action Request to the Division for comments on the Utah Demand-Side

Management Semi-Annual Forecast. This memorandum is in response to the Commission's Action Request.

DISCUSSION

On August 25, 2009, the Commission issued an Order approving the Phase I Stipulation in Docket No. 09-035-T08. The Phase I Stipulation required the Company to file semi-annually an analysis and forecast of the balancing account similar to that provided by the Company in Advice No. 09-08. The Stipulation required, among other things, that the account be in balance by the end of August 2011. On April 29, 2010, the Company filed its 2010 Demand-Side Management Semi-Annual Forecast Report. This report showed that, based on the Company's projections of the revenues and expenses of the Demand-Side tariff rider, the account balance will result in over-collection in the amount of approximately \$14.7 million by August 2011. The Company justified this over-collection as resulting from the Company's projection of increased loads due to projected economic recovery and the rate increase resulting from the 2009 general rate case. Because the forecasted over-collection depends on the forecasted economic recovery that may or may not materialize, the Company proposed to re-evaluate the projected account balance using actual data through August 2010 as it becomes available and file a report with the Commission. If the account balance based on the actual results still reflects an over-collection, the Company proposes to file with the Commission a proposal to lower the DSM tariff rider effective January 1, 2011. This proposal was subsequently approved by the Commission in its August 2, 2010 Order. On September 30, 2010, the Company filed with the Commission an updated report, as directed by the August 2, 2010 Order, using actual data through August 2010. The analysis in this report indicated that the account balance will show an over-collection in the amount of approximately \$10.2 million by August 2011.

On November 1, 2010, the Company filed its 2010 Demand-Side Management Semi-Annual Forecast Report, which provided actual data through September 2010. The report contains an analysis of the balancing account. The results of this analysis show that the account balance will again show an over-collection, this time in an amount of approximately \$10.8 million.

Consequently, the Company indicated that it plans to file a proposal to reduce the Utah DSM tariff rider collection rate to become effective January 1, 2011.

Based on its review of the Company's filing, the Division concludes that Company's 2011 Semi-Annual Forecast Report complies with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation. Therefore, the Division recommends that the Commission acknowledge the current semi-annual report. Furthermore, since the forecast shows that the account balance will not be in balance by the end of August 2011, the Division recommends that the Commission direct the Company to file a proposal to reduce the Utah DMS tariff rider collection rate.

CC: Michele Beck, OCS
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Jeff Larsen, RMP
Dave Taylor, RMP