



GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant Governor*

State of Utah  
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  
Danny A.C. Martinez, Utility Analyst  
Cheryl Murray, Utility Analyst

Copies To: Rocky Mountain Power  
Jeffrey Larsen, Vice President, Regulation  
Aaron Lively, Regulatory Manager

The Division of Public Utilities  
Chris Parker, Director  
Artie Powell, Energy Section Manager

Date: May 16, 2011

Subject: Docket No. 11-035-74, "Utah Demand-Side Management Annual Report for 2010"

### Background

In Docket number 09-035-27, Rocky Mountain Power (the "Company") was ordered by the Public Service Commission of Utah (the "Commission") to file an annual report (the "Report") of the Company's demand-side management activities. The Company was ordered to develop a general format and content framework for the Report which was to be filed. The Commission approved the general format of the Report on December 21, 2011. The Company is to file the Report annually on March 31. The Company filed for an extension on March 31, 2011. The Company filed the Report with the Commission on April 7, 2011.

### Discussion

The Report adhered to the format ordered by the Commission in Docket 09-035-27. However, the Office notes that the Company appeared to use the precise format – and even the same text – from last year's report. Thus, the Report does not include two items ordered by the Commission last year to be included in this Report. Also, at times the text no longer matches the actual results.

The first item was the estimate of megawatt savings at the time of system peak corresponding to the megawatt-hour savings for energy efficiency programs to be included within the Executive Summary. The second item missing is the reporting of whether estimates are ex-ante or ex-post estimates for reported savings calculations. While some programs had this information included within the Appendix, the information was lacking for the following programs:

1. Irrigator Load Control (Schedule 96 & 96A)
2. Cool Keeper (Schedule 114)
3. Low Income Weatherization (Schedule 118)
4. Energy FinAnswer (Schedule 125)
5. FinAnswer Express (Schedule 115)
6. Recommissioning (Schedule 126)
7. Self Direction

The Company provided within the Appendix to the Report, full details in developing the cost effectiveness measures for the DSM portfolio. The DSM portfolio has a Utility Cost Test of 1.821. Yet not all the programs within the portfolio are cost effective as the Report states on page 8<sup>1</sup>. The Report indicates that all programs were cost effective. However, the Energy Star New Homes Program has a Utility Cost Test ratio of 0.918. The Office notes that the Company has already taken steps to remedy this program to make it cost effective. (See Docket 11-035-T04 as an example.) The Company needs to communicate carefully the cost effectiveness results to alleviate confusion.

On a minor note with respect to format, there is a minor change that may be warranted. At the beginning of the Report, there is an executive summary chapter. There are summary graphs located on pages 48 – 50 of the Report. These graphs are not aligned with any particular chapter as they stand, but would be useful in the summary section of the Report. While this is a minor modification, it would help the flow of the Report.

Lastly, the Report shows that the DSM Advisory Group met three times during the first quarter of 2010 but not at all for the remainder of the year. This is a shift from what has happened during previous years. The Office is concerned that the DSM Advisory Group isn't meeting sufficiently to perform its designed purpose.

### Recommendations

The Office recommends to the Commission the following with respect to this Report:

1. Order the Company to include following previously ordered items:
  - a. The estimate of megawatt savings at the time of system peak corresponding to the megawatt-hour savings for energy efficiency programs.
  - b. A reporting of reported savings calculations on either an ex-ante or ex-post basis for the programs cited in the Discussion section.

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<sup>1</sup> This is likely due to the carryover of language from last year's report.

January 11, 2018

2. Page 8 of the Report needs to be corrected to accurately reflect cost effectiveness of the programs.
3. Consider moving the summary graphs on pages 48 – 50 to the executive summary section with a brief explanation of their significance.

The Office also recommends that the Commission order the Company to convene DSM Advisory Group meeting more frequently (at least quarterly) in order for the Advisory Group to provide meaningful feedback to the process as it was designed to do.