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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Schedule 193 Rate Adjustment	**ADVICE NO. 11-13** **UTAH CLEAN ENERGY, SOUTHWEST ENERGY EFFICIENCY PROJECT, AND WESTERN RESOURCE ADVOCATES PETITION TO INTERVENE AND PETITION FOR SUSPENSION OF ROCKY MOUNTAIN POWER'S PROPOSED ADJUSTMENT TO SCHEDULE 193**

Pursuant to Utah Code § 63G-4-207 and Utah Administrative Code § R746-100-7, Utah Clean Energy (UCE),the Southwest Energy Efficiency Project (SWEEP), and Western Resource Advocates (WRA) (together, Petitioners) hereby petition for leave to intervene in the docket initiated by RMP Advice No. 11-13.

Pursuant to Utah Code Ann. § 63G-4-201 and Utah Administrative Code §§ R746-100 and R746-405, UCE, SWEEP, and WRA also hereby petition the Commission to suspend the proposed effective date of the adjustment requested by Rocky Mountain Power (the Company) to Schedule 193, in order to investigate the appropriateness of reducing the Demand-Side Management (DSM) surcharge collection rate, whether and how it will be possible to increase cost-effective DSM expenditures (and savings) in 2012, and to establish a schedule for analyzing and resolving the issues raised in this Petition and in Rocky Mountain Power Advice No. 11-13.

In support of this Petition, Petitioners state the following:

1. Utah Clean Energy is a state-based, non-profit, public interest organization working to advance energy efficiency and renewable energy—and the economic and environmental benefits those resources provide—in the public policy and regulatory arenas in Utah. UCE partners with businesses, state and local governments, and Utah citizens to support the adoption of clean energy and the efficient use of our energy resources. We are committed to creating a future where Utahns significantly decrease our carbon-based energy consumption, become more energy efficient, and increase our use of renewable energy in order to foster a healthy environment and vibrant economy for Utah's current and future generations. Utah Clean Energy is an active participant in the Company's DSM Advisory Group.

2. The Southwest Energy Efficiency Project is a regional non-profit organization working to advance energy efficiency in six states including Utah. SWEEP partners with utilities and other businesses, state and local governments, and other non-profit organizations to promote more efficient use of energy resources. SWEEP has been an active participant in matters related to DSM policy and program design in Utah. SWEEP is an active participant in the Company's DSM Advisory Group.

3. Western Resource Advocates is a regional environmental law and policy center serving the states of the Interior West. WRA's Energy Program promotes energy efficiency, renewable resources, distributed generation, advanced power plant technologies, air pollutant emissions reductions, and other measures to allow utilities to meet the resource demands of their

customers in an environmentally and economically sound manner. WRA is an active participant in the Company's DSM Advisory Group.

4. Petitioners have substantial interests in the above-captioned proceeding. The effective and timely provision of energy efficiency programs and the economics surrounding those programs are core issues for UCE, SWEEP, and WRA. In this proceeding, Rocky Mountain Power seeks to decrease substantially its recovery of Demand-Side Management (DSM) costs. By its intervention, Petitioners intend to examine and address the issues raised herein and in Advice No. 11-13 with the goal of promoting an effective, robust, sustainable, and predictable DSM program.

5. Other than as specified herein, Petitioners have not fully determined the specific positions they will take or the relief they will seek. Petitioners seek to intervene for purposes of protecting their interests as they may appear, particularly with regard to the effective and timely implementation of cost-effective DSM programs.

6. The interests of justice and the orderly and prompt conduct of this proceeding will not be materially impaired by allowing Petitioners to intervene.

7. Petitioners' interests are not adequately represented by another party in this proceeding.

8. On November 23, 2011 the Company filed, in Advice No. 11-13, a proposed revision to tariff sheet 193.2 in order to reduce the Demand-Side Management Tariff collection rate from approximately 3.6% to 2.4%, effective January 1, 2011.[1]

9. The Company's stated objective in setting the collection rate is to maintain an acceptable balance in the deferred account while minimizing the number and magnitude of rate

[1] Advice No. 11-13 (November 23, 2011), page 1.

adjustments to Schedule 193.[2] If the Company's proposed reduction is approved, the Company predicts a balance of approximately $880,000. The Company asserts that this balance will allow for a margin of error in its projections, can be utilized to absorb expenditures in the event that actual expenditures exceed 2012 projections, and will mitigate the impact of a rate increase in the event one is necessary once the account has reached equilibrium. The Company notes that it is possible or likely that an increase in the DSM surcharge will be necessary depending on projected expenditures beyond the point in time the balancing account approaches equilibrium.[3]

10. The Company's proposal provides for DSM program expenditures above the level of proposed revenue collection. The Company proposes to collect $41.5 million in revenue and projects expenditures of $47.0 million.[4]

11. The Company's projected expenditures are for programs that have already been approved by the Commission and so do not include expenditures for any new programs that may be launched in 2012.[5]

12. The Company circulated a draft of Advice No. 11-13 with the Division and Public Utilities (Division) and the Office of Consumer Services (Office) prior to its filing with the Commission.[6] The Company did not seek and receive input from other interested parties, including Petitioners or other members of the DSM advisory group, as required by Utah Code § 54-7-12.8(3)(c).

13. The Company's DSM advisory group is comprised of Company employees and contractors, Commission Staff, the Division, the Office, and other interested stakeholders,

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[2] Advice No. 11-13 (November 23, 2011), page 2.
[3] Advice No. 11-13 (November 23, 2011), page 2.
[4] Advice No. 11-13 (November 23, 2011), page 2.
[5] Advice No. 11-13 (November 23, 2011), page 2.
[6] Advice No. 11-13 (November 23, 2011), page 3.

including Utah Clean Energy, SWEEP, WRA, other public interest organizations, representatives of state agencies, businesses and large energy users, and interested individuals.

14. UCE, SWEEP, and WRA, among other members of the DSM Advisory Group, take their roles as members seriously and work in good faith to raise issues and questions and provide technical expertise for discussions of the Company's DSM program activities. Petitioner's interests and priorities in DSM Advisory Group discussions include the following: achieving more energy savings through DSM programs, expanding programs and increasing participant uptake, increasing program ramp-rates, and finding new cost-effective program offerings.

15. Petitioners are committed to facilitating Company acquisition of all cost-effective efficiency resources because energy efficiency has been shown to be a least-cost resource with immense potential. A recent report published by the National Academies of Science and Engineering and the National Research Council concluded that "Cost-effective energy improvements are the cheapest and quickest way to move toward a sustainable energy future with lower greenhouse gas emissions."[7] The Report states that, "In buildings alone, [energy efficiency] technologies could *eliminate the need to increase electric generating capacity*, despite economic and population growth."[8] In addition to buildings, efficiency potential in the

[7] The National Research Council, *Real Prospect for Energy Efficiency in the United States: Report in Brief* (The National Academy of Sciences 2009), available at http://dels-old.nas.edu/dels/rpt_briefs/aef_efficiency_brief_final.pdf, page 1. "This Report in Brief was prepared by the National Research Council (NRC) based on [the Panel on Energy Efficiency Technologies] committee's report. The NRC appointed the [committee's] panel of experts, who volunteered their time for this activity. The NRC study was Initiated by the National Academy of Sciences and the National Academy of Engineering and subsequently endorsed by a request from Congress. The committee's report is peer-reviewed and signed off by both the committee members and the NRC." *Id.* at 4.

[8] *Id.* at 1 (emphasis added). The National Academies "estimated that it is possible, using cost-effective technologies, to achieve an annual reduction of 1.2 percent in electricity." *Id.*

industry sector is also great: "the sector could reduce energy use by 14 to 22 percent by 2020 by using financially attractive technologies."[9]

16. The Company's most recent Integrated Resource Plan likewise recognizes energy efficiency (Class 2 DSM) as a cost-effective resource. By 2020, the Company projects energy efficiency to comprise 11.2% of its Preferred Portfolio energy mix and 8.2% of its capacity mix. In 2011, Class 2 DSM resources represent 0.9% of energy and 0.8% of capacity.[10]

17. Despite such aggressive energy efficiency investment plans, the Company's forecasted[11] and actual investments in DSM are decreasing. In 2009, the Company projected an expenditure target of $65.6 million. Actual Company investment in DSM, including self-direction credits, was $55.9 million.[12] In 2010, the Company's target for expenditures dropped to $55.5 million and actual expenditures dropped to $46.9 million.[13] Between 2009 and 2010, kWh savings (at generator) went from approximately 250 million kWh/year to 220 million kWh/year.[14] The Company's projected expenditures for 2011 fell to $50.1 million. In 2011, the Company has reported spending $44.0 million on DSM programs, excluding self-direction credits.[15] Assuming similar self-direction expenditures as 2010 (actual) and 2012 projections,[16]

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[9] *Id.* at 3.

[10] PacifiCorp, *2011 Integrated Resource Plan Volume 1* (March 31, 2011), pages 232-33.

[11] Utah Clean Energy has been tracking Company expenditure forecasts based on information in DSM Advisory Group Meetings; therefore, the following figures for the Company's projected expenditures are from Utah Clean Energy's own spreadsheets, based on information from the Company.

[12] Rocky Mountain Power, *Demand-Side Management Annual Report 2009 – Utah* (March 31, 2010), page 6.

[13] Rocky Mountain Power, *2010 Annual Energy Efficiency and Peak Reduction Report – Utah* (March 31, 2011), page 6.

[14] 2009 numbers are from the 2009 Annual DSM Report at page 6; 2010 numbers are from the 2010 Annual DSM Report at page 6.

[15] Rocky Mountain Power, *Semi-annual demand-side management reports pursuant to Commission Order in Docket No. 09-035-T08* (November 1, 2011, Docket No. 10-035-57 re: Docket No. 09-035-T08), Attachment B.

[16] Self-direction expenditures were approximately $2.5 million in 2010 and are forecasted to be the same in 2012. For 2010 numbers, see Rocky Mountain Power, *2010 Annual Energy Efficiency and Peak Reduction Report – Utah* (March 31, 2011), page 6; for 2012 projections, see *Rocky Mountain Power Advice No. 11-13*, Attachments A and B.

total Company DSM expenditures in 2011 are likely around $46.5 million. According to Advice No. 11-13, The Company has projected expenditures of $47.0 million in 2012.[17]

18. Because the potential for cost-effective DSM is great, and because DSM is a least cost resource selected by Company Integrated Resource Planning, it is premature to for the Company to seek a reduction in the DSM tariff collection rate, particularly since the proposed collection rate excludes the costs of any programs that may be implemented in 2012. For example, the Company has expressed an interest in beginning a Home Energy Reporting program in 2012, with a three-year program cost of approximately $3 million.[18] In addition to increasing the DSM budget directly through program costs, the Home Energy Reporting program would likely increase participation in other Company DSM programs, potentially further increasing Company expenditures in DSM. Even without a Home Energy Reporting Program, there is significant opportunity to increase participation in current programs, including through increased promotion and marketing.

19. As an alternative to decreasing the DSM surcharge, the Company and parties, in particular the DSM advisory group, should have the opportunity to evaluate whether and how it will be possible to increase implementation of cost-effective DSM and associated expenditures in 2012, which would help bring the DSM balancing account into equilibrium. For example, commercial and industrial programs had a utility benefit/cost ratio of 3.86 in 2010[19]; therefore,

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[17] *Rocky Mountain Power Advice No. 11-13 Cover Letter*, page 2.

[18] *See* Rocky Mountain Power, *Review of "Home Energy Reports"* (March 28, 2011, Docket No. 08-999-05), pages 4-6. The Company submitted a review of its proposed program on February 28, 2011 in Docket No, 08-999-05. The Company estimated an implementation timeline of 35-40 weeks. After receiving comments from multiple parties, the Commission, while supportive of the Home Energy Reporting concept, ordered the Company to convene a series of DSM advisory group meetings to establish the content of the Home Energy Report no later than March 31, 2012. Public Service Commission, *Docket No. 08-999-05 Order on Home Energy Reports*, Issued June 6, 2011, page 10.

[19] Rocky Mountain Power, *2010 Annual Energy Efficiency and Peak Reduction Report – Utah* (March 31, 2011), Appendix 1, page 5.

there may be opportunities to increase uptake in these programs by increasing incentive levels or modifying delivery methods.

20. Given that DSM is such a low cost, cost-effective, and clean resource, it is important to explore a more aggressive approach to acquiring DSM such that a reduction in the surcharge is not yet necessary. Accordingly, the Company, in conjunction with the DSM Advisory Group, should have the opportunity to examine ways of improving its procedures for facilitating greater participation in DSM programs.

21. Prior to the effective date of the proposed tariff, it would be worthwhile for the Company and parties to conduct an investigation of program implementation strategies that would increase the deployment of cost-effective DSM and could preclude or reduce the need for the tariff adjustment. This would facilitate minimizing the number and magnitude of proposed tariff adjustments. In Advice No. 11-13, the Company explained that it is "possible (and perhaps even likely) that an increase to the DSM Surcharge will be necessary to align Schedule 193 revenues with program expenditures" once the deferred account approaches equilibrium.[20] Instead of assuming yearly adjustments in the DSM surcharge, parties should have the opportunity to discuss and plan for a more stable and predictable tariff.

22. The Company recently requested proposals from DSM Advisory Group members on the form of the DSM cost recovery mechanism going forward, extending beyond the 2014 sunset date of Schedule 193.[21] Input from parties and resulting discussions regarding potential long-term, sustainable solutions to the issues of funding and maintaining the DSM account could prove relevant or instructive to the Company's current tariff proposal.

[20] Advice No. 11-13 (November 23, 2011), page 2.
[21] Email communication from Aaron Lively to the DSM Advisory Group (November 16, 2011).

23. The magnitude of the proposed surcharge reduction is not reasonable under the circumstances. Given that suspending the tariff in order to evaluate increasing participation in existing programs or implementing additional programs in 2012 might eliminate the need to make more or larger adjustments later, suspending the tariff should not adversely impact the Company's stated objective of setting the collection rate to maintain an acceptable balance in the deferred account while minimizing the number and magnitude of rate adjustments to Schedule 193.

24. Petitioners request the following relief from the Commission at this time: 1) suspend the proposed January 1 effective date of the DSM surcharge adjustment requested by the Company in Advice No. 11-13; and 2) set a schedule for further proceedings to investigate whether and how the Company can achieve more cost-effective energy efficiency savings in 2012 such that the proposed reduction in the DSM surcharge may be unnecessary.

25. If Petitioners are granted leave to intervene in this proceeding, they request that all notices, pleadings, correspondence, discovery, and other documents be served on the following:

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26. Petitioners also request that the following names be added to the electronic service list for this docket:

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WHEREFORE, UCE, SWEEP, and WRA request leave to intervene in this proceeding to protect their interests as they may appear, and respectfully petition for Commission action to suspend the DSM tariff rider adjustment proposed by RMP in Advice No. 11-13 in order to investigate the appropriateness of reducing the DSM collection rate, whether and how it will be possible to increase cost-effective DSM expenditures in 2012, and to establish a schedule for analyzing and resolving the issues raised in this Petition and in Rocky Mountain Power Advice No. 11-13.

RESPECTFULLY SUBMITTED this 1st day of December, 2011.

UTAH CLEAN ENERGY,
SOUTHWEST ENERGY EFFICIENCY PROJECT, AND
WESTERN RESOURCE ADVOCATES

/s/ ________________________
Sophie Hayes
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent by email this 1st day of December, 2011, to the following:

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