



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Abdinasir M. Abdulle, Technical Consultant
Brenda Salter, Technical Consultant

Date: January 11, 2013

Re: Docket No. 12-035-117. In the Matter of Rocky Mountain Power's Annual Report Cost-Effectiveness Testing Requirements.

Recommendation (Approval)

The Division of Public Utilities ("Division") recommends that the Utah Public Service Commission ("Commission") approve Rocky Mountain Power's ("Company") requested change to the Demand Side Annual Report cost-effectiveness tests requirements.

Issue

On December 12, 2012, the Company filed with the Commission its request for the Commission to require the Company to perform cost effectiveness tests using the avoided costs from when the program was approved only for new programs one year after implementation or on existing programs with significant program changes in that year. On December 13, 2012, the Commission issued an Action Request asking the Division to review the Company's request for agency action and make recommendations and to report back by January 11, 2013. This memo represents the Division's response to the Commission's Action Request.

Discussion

In its Order in Docket No. 09-035-27 dated October 7, 2009, the Commission directed the Company, among other things, to perform cost-effectiveness tests using the most recent avoided costs and the avoided costs from when the program was first approved.

“We concur with the recommendations to include all of the cost-effectiveness tests in the Program Performance Reporting stage of review, including portfolio analysis in addition to the program and measure level views, and use of IRP avoided costs to evaluate program cost effectiveness. Again, sensitivity analysis around assumed, deemed, or other ex ante values is required. We concur with the recommendation that for programs achieving less than a 1.0 benefit cost ratio, a list of remedial actions for improving program performance should be provided or the program should be terminated. Additionally, the Company shall perform the tests assuming its most recent IRP avoided costs, subject to any Commission order with respect to the IRP avoided costs, in addition to the avoided costs used when the program was approved.”

The Company has complied with this Order ever since it was received. However, on September 5, 2012 and later on November 2, 2012, the Company discussed with the Demand Side Management Steering Committee its proposal to require the use of the avoided cost from when the program was approved for the new programs and to the existing programs with significant changes in that year. The Division and the rest of the Demand Side Management Steering Committee agreed that the proposed change is reasonable. Therefore, the Division recommends that the Commission approve the Company’s proposed change to the cost effectiveness requirements.

CC: Marialie Martinez, DPU
Michele Beck, OCS
Carol Hunter, RMP
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Service List