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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: Public Service Commission

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From: The Office of Consumer Services
Michele Beck
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Date: April 25, 2012

Subject: Docket 12-035-T03 Removal of the Schedule 192 Self-Direction Credit and Schedule 193 Demand-side Management Cost Adjustment Expiration Date.

Background

On April 6, 2012 Rocky Mountain Power (Company) filed revisions to tariff Schedule 192, Self Direction Credit and Schedule 193, Demand-Side Management (DSM) Cost Adjustment. The Company requests approval to remove the March 31, 2014 expiration date in both Schedules with an effective date of May 6, 2012. Additionally, the Company proposes administrative changes to Schedule 193.

The Office participated in discussions and provided input regarding changes to Schedules 192 and 193 in both the Rocky Mountain Power DSM Advisory Group and the DSM Advisory Group subcommittee on Schedule 192/193 issues.

Discussion

Schedule 192 – Self-Direction Credit

The Office has been and remains supportive of the Company's efforts to pursue and promote cost-effective DSM programs, including the self-direction program. The self-direction program has resulted in significant energy savings and participation by eligible customers is expected to continue to produce cost-effective savings.

Currently Schedule 192 is set to expire on March 31, 2014. Because participant costs associated with self-direction projects may be recovered over multiple years eligible customers have expressed concern with investing at this time due to the risk that the program may terminate prior to recovery of their entire investment. The proposed changes remove the expiration date and make provisions for self-direction investments to be recovered if, in the future, either or both Schedule 192 and Schedule 193 are terminated by the Commission.[1]

It is the Office's view that the proposal for recovery of costs through general rates, should the cost adjustment tariff by terminated is appropriate, provided that, as noted on First Revision of Sheet No. 192.1, "[I]f Schedule No. 193 is terminated, no new projects will be allowed under this schedule".

The Office recommends approval of the proposed changes to Schedule 192 in order to facilitate self-direction customers' continued participation in cost-effective DSM investment.

Schedule 193 – Demand Side Management Cost Adjustment

As in the case of Schedule 192 the Company proposes to remove the March 31, 2014 expiration date from this tariff. Energy efficiency is an on-going endeavor and the Office no longer sees a need for an explicit expiration date. The Office supports removal of the expiration date. This will not relieve the Company of its obligation to ensure that all programs remain cost effective and to provide reports and analyses to the DSM Advisory Group in support of continuation of DSM programs. Further, the DSM Advisory Group will continue to periodically review all of the DSM programs and parties are encouraged to present ideas and recommendations to ensure the ongoing effectiveness of the Company's DSM portfolio of programs.

Administrative Changes to Schedule 193 DSM Cost Adjustment

In its Advice Letter No. 12-03, the Company requests approval of changes to how the DSM cost adjustment collection rate is set. Currently the collection rate is set such that the Company will collect sufficient revenue to ensure the DSM balancing account will be at or near zero, after a 12-month period. In establishing the collection rate only Commission approved existing programs may be included. The Company seeks authorization to base the forecast on "the expenses associated with existing programs; including approved modifications and anticipated modifications that have been reviewed by the DSM Advisory Group (or Demand side Management Steering Committee), additions and deletions; new programs and/or eliminated programs as long as they are reasonable and have been reviewed with the DSM Advisory Group (or Demand-side Management Steering Committee)."

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[1] As noted in Advice No. 12-03, in the event of termination of Schedule 192 and/or Schedule 193 recovery of outstanding investments by self-direction customers would be through general rates.

There are also provisions to avoid unwarranted balances accruing in the account. If the Company forecasts a 12-month balance, in its quarterly DSM balancing account filings for 3 consecutive quarters in excess of plus-or-minus the greater of $5,000,000 or 10% of the forecasted expenditures or should the DSM balancing account in any given quarter have a 12-month balance plus-or-minus 15% of the forecasted expenditures the Company would file either to adjust the DSM Cost Adjustment collection rate or to extend the then current collection rate given anticipated changes in the expenses and/or revenue.

The intent of the modifications is to minimize the frequency of changes to the DSM Cost Adjustment collection rate.

The additional expenses to be considered in establishing the collection rate are similar to those in the Stipulation in Docket No. 11-035-T14. The Office was a signatory to that Stipulation and supports the changes requested in this filing.

Recommendation

The Office recommends that the Commission approve the proposed changes to Schedule 192 and Schedule 193 with an effective date of May 6, 2012.