



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: December 4, 2013

Re: Rocky Mountain Power's Utah Demand-Side Management Semi-Annual Forecast for 2014. The Division recommends conditional acknowledgement of the DSM 2014 forecast.

Docket No. 13-035-183

RECOMMENDATION (CONDITIONAL ACKNOWLEDGEMENT)

The Division of Public Utilities (Division) recommends that the Commission conditionally acknowledge the 2014 Semi-Annual Forecast filed by Rocky Mountain Power (Company) as being in compliance with the Commission Order of August 25, 2009, in Docket No. 09-035-T08 approving the Phase I stipulation. Prior to acknowledging the filing the Division recommends the Commission direct the Company to provide an explanation of the deviation of the 2014 energy savings target and the 2013 IRP targets and explain its plans for acquiring replacement resources as outlined in the Commission's Order in Docket No. 10-035-57 (No. 2 below)

ISSUE

In Compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08, on November 1, 2013, the Company filed its 2014 Demand-Side Management Semi-Annual Forecast, which contains an analysis of the DSM balancing account. On November 4, 2013, the

Commission issued an Action Request to the Division directing the Division to file comments as outlined in the Commission's November 4, 2013 Notice of Filing and Comment Period (Notice). The Notice outlines a due date to submit comments on the DSM Report on or before December 4, 2013, with reply comments submitted on or before December 19, 2013. 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. Subsequent to the Commission approval of the Phase I Stipulation the Commission has ordered additional requirements to be met by the Company. The following is a compilation of the Commission Orders in this case.

Docket No. 09-035-T08 Order Dated August 25, 2009

1. Semi-annually, a Schedule 193 deferred account balance analysis by November 1 of each year and six months later which includes:
 - a. Historical and projected monthly DSM expenditures, rate recovery and account balances.
 - b. Historical and projected monthly DSM expenditures by program, Schedule 193 revenue and self-direction credits.
2. Annually, a forecast of DSM program expenditures by November 1 of each year which includes:
 - a. Forecasted DSM expenditures for approved programs for the next calendar year.
 - b. Forecasted acquisition targets, in megawatts and megawatt-hours, of approved programs for the next calendar year.

Docket No.10-035-57 Order Dated December 21, 2011

1. Provide an explanation of how the projected savings, in both megawatts and megawatt hours, for each Utah DSM program listed in the Report's Attachment A can be reconciled with corresponding targets in the most recent IRP Preferred Portfolio.
2. Report capacity and energy savings targets for such programs in comparison to Utah DSM program targets included in the most recent IRP. The Company shall also explain factors leading to deviations from the IRP targets and, when such deviations result in a

forecasted amount which is lower than IRP targeted savings, the Company shall explain its plans for acquiring replacement resources.

In its February 10, 2012 correspondence with the Company, the Commission reiterated its order as follows:

1. Refine forecast by reporting savings estimates for the DSM Irrigation Load Control program both in terms of total program participation and contribution to peak.

Docket No. 13-035-136 Order Dated September 13, 2013

1. Track any costs and expenditures under the Cool Keeper program, including the total funds made available from the cancellation of Schedule 194; and
2. Provide a detailed auditable report of all expenditures associated with the Cool Keeper program.

In compliance with the above Orders, on November 1, 2013, the Company filed its 2014 Demand-Side Management Semi-Annual Forecast. The report shows that, based on the Company's projections of the revenues and expenses of the Demand-Side tariff rider, the account balance will result in an over-collection in the amount of approximately \$1.6 million by December 2013. In addition, the forecasted deferred account reflects an under-collection of approximately \$6.1 million by December 2014.

The Company anticipates greater expenses in the DSM Program as the result of the Company entering into a new delivery vendor contract for the Cool Keeper Program along with anticipated greater lighting sales based on the federal lighting code changes in the Home Energy Savings Program. As an offset to some of the additional expenses, the Irrigation Load Control Program expense is lower based on the pay-for-performance vendor contract recently signed. The filing also includes the Commission approved cancellation of Schedule 194 the DSM Cost Adjustment Credit or sur-credit¹. The cancellation of the sur-credit will help offset the additional expense of the Cool Keeper delivery vendor contract.

The Company's 2014 DSM forecast deviates from the 2013 IRP in that the expected MW for the Cool Keeper program are 11 MW less than the IRP target. The Company failed to provide an

¹ Docket No. 13-035-136 Commission Order dated September 13, 2013

explanation for this deviation as directed in the Commission's Order in Docket 10-035-57. The Division recommends that the Company provide an explanation for the deviation.

The Company's 2014 DSM expense forecast is the largest expected cost in the history of Rocky Mountain Power's DSM Program. The Division notes that the Company's 2014 DSM expense forecast is \$18.1² million greater than its 2013 DSM expense forecast. Using a four year average³ of the Company's forecasts shows the 2014 DSM expected costs to be \$14.9 million higher than the four year average. The Company has assured the Division that the benefit cost ratios will continue to be within an acceptable level even with the increase in the 2014 DSM expense forecast.

DSM Program Forecast Expenditures & Revenues

	2009	2010	2011	2012	2013	2014
Total DSM Program Expenditures (w/Self Direction Credit)	59,609,780	55,515,890	51,788,582	49,538,810	48,034,182	66,101,954
Schedule 193 Revenue	(37,544,281)	(63,742,302)	(57,000,000)	(58,115,702)	(54,466,093)	(58,301,094)

At this time the Company is not proposing to increase the Schedule 193 revenues. The Division will continue to monitor Schedule 193 and present additional recommendations if the actual expenses and revenues do not follow the Company's projections.

CONCLUSION

Based on its review of the Company's filing, the Division concludes that Company's 2013 Semi-Annual Forecast complies with the Commission Orders as noted above with the exception of Docket No. 10-035-57 number 2. The Division recommends that the Commission require the Company to comply with the Commission's December 21, 2011 Order and provide an explanation of the deviation of the 2014 energy savings target and the 2013 IRP targets and explain its plans for acquiring replacement resources prior to acknowledging the Company's filing.

² Including Self Direction Credits

³ Years 2010 through 2013

CC: Michele Beck, Office of Consumer Services
Kathryn Hymus, Rocky Mountain Power
Dave Taylor, Rocky Mountain Power