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Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Gavin Mangelson, Utility Analyst

Copies To: Rocky Mountain Power
Kathryn Hymas, Vice President, Services
Lisa Romney, DSM Regulatory Manager
Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager

Date: December 4, 2013

Subject: Docket 13-035-183

In the Matter of: Rocky Mountain Power's Annual Demand Side Management Deferred Account and Forecasting Report

Background

On November 1st 2013 Rocky Mountain Power (Company) filed with the Utah Public Service Commission (Commission) an Annual Demand Side Management (DSM) Deferred Account and Forecasting Report (Report). The Commission subsequently issued a Notice of Filing and Comment Period with initial comments due December 4, 2013 and reply comments due by December 19, 2013. This report was submitted to comply with the order made by the Commission in Docket 09-035-T08 (Order).

The Company's report included a written explanation along with supporting attachments. Attachment 1 contains the targets for MWH and MW for the DSM measures and includes a comparison of the program forecasted savings to the IRP targets. Attachment 2 is an analysis of the DSM balancing account and reflects an under collection of over $6,000,000 by December 2014. Attachment 3 shows actual DSM expenditures from January – September 2013 and provides forecasted expenditures for October – December 2013. Attachment 4 provides September Cool

Keeper expenditures including net funds available by cancelling schedule 194. Attachment 5 provides an auditable accounting of actual Cool Keeper expenditures from January – September 2013. Attachment 6 is an estimate of the Irrigation Load Controls impact on peak from June – August 2014[1].

Discussion

The Office of Consumer Services (Office) has conducted an analysis of the Company's Report including the written explanation and supporting attachments.

Program Expenditures

The Office notes that the forecasted DSM expenditures for 2014 exceed the forecasted 2013 DSM expenditures by over $4,000,000. Notable increases include the Air Conditioner Load Control forecasted to increase by over $6,300,000 and the Program Evaluation Costs increasing over $1,100,000. Notable expenditure decreases include the Wattsmart Business (Commercial) showing a decrease of over $2,300,000.

Cool Keeper

The Office has anticipated the increase in expenditures to the Air Conditioner Load Control (Cool Keeper.) This measure consists of radio devices attached to residential air conditioning units; the original contract relating to the ownership, installation and maintenance of the original devices has ended and the Company has decided to install new devices. Ownership of these devices will be maintained by the Company. The increase in expenditures has been discussed in the DSM Advisory Group and Steering Committee meetings.

Program Evaluation Costs

[1] The Office notes that the projected Irrigator load control savings precisely matches the 38 MW included in the IRP. However, the Company has not yet reported any results from the newly revamped Irrigator program's first year of operation (2013.) Thus, the Office is concerned whether the program is yet operating in such a way to meet its forecast. The Office will continue to monitor and work with the Company in further assessing this program.

The table in attachment 3 of the Company's filing shows 2013 expenditures and 2014 forecasted expenses for each DSM program, broken out by measures. Program Evaluation Costs has its own line under the Other Expenditures category. The table shows an absence of incurred expenses on this line, but shows forecasted expenses for every future month through the end of 2014. The Office submitted a Data Request to the Company requesting an explanation of the Program Evaluation costs and services, as well as a justification for the variance of 2013 and 2014 expenditures. The Company's response indicated that already incurred Program Evaluation Costs are not shown as a line item; they are summed into the total costs for their corresponding measure. However, the Company chooses to list future Program Evaluation Costs independently of the corresponding measure. Only forecast expenses will show up on the Program Evaluation Costs line. Therefore, forecasts for individual measures do not account for anticipated Program Evaluation Costs, but these costs will be reflected when actual expenditures are posted. The Office recommends an explanation of the Program Evaluation schedule be presented to the Advisory Group and Steering Committee.

Balancing Account

The Company is forecasting an under collection of $6,000,000 by the end of 2014 and anticipating a zero balance by mid-year 2015. The balancing account has held an over collection throughout 2013, however increasing program costs will result in the projected 2014 under collection. The Office agrees with the Company that an adjustment to schedule 193 is unnecessary provided the 2015 mid-year balance holds. The Office opposes carrying an under collection for prolonged periods as it results in ratepayers incurring increased carrying charges.

Recommendations

The Office recommends that the Commission take the following action:

- Acknowledge the Company's Deferred Account and Forecasting Report
- Require the Company to include explanations of substantial increases and decreases to projected program and measure expenditures in future DSM Steering and Advisory Group meetings in advance of future forecasting report filings.