ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP
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November 3, 2014

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

Re: In the Matter of Rocky Mountain Power's Annual Demand Side Management Nov. 1st Deferred Account and Forecast Reporting – Docket No. 14-035-__

In its order dated August 25, 2009 in Docket No. 09-035-T08 ("Order"), the Public Service Commission of Utah ("Commission") approved the Phase I Stipulation filed August 3, 2009 in the same ("Stipulation"). As specified in the Stipulation, Rocky Mountain Power ("Company") is required to provide to the Commission and Demand Side Management ("DSM") Advisory Group[1] ("Steering Committee") by November 1 of each year a forecast of expenditures for approved programs for the next calendar year and their acquisition targets (in MWh and MW) for the next calendar year. In addition, the order issued December 21, 2011 in Docket No. 10-035-57 directed the Company to provide an estimate of the capacity and energy savings targets for approved programs in the forecast in comparison to demand-side management program targets included in the Company's most recent Integrated Resource Plan. A report containing the forecast of these items for calendar year 2015 is provided as tab, "Attachment 1" in the excel workbook attached to this filing. All referenced attachments in this letter are included as tabs in the workbook.

The Stipulation also requires the Company to provide to the Commission and Steering Committee on a semi-annual basis a Utah DSM tariff rider balancing account analysis similar to that originally provided by the Company in Advice No. 09-08. This analysis is to include historical and projected monthly DSM expenditures, rate recovery and account balances; as well as historical and projected monthly DSM expenditures by program, Schedule 193 revenue and self-direction credits. The tariff rider analysis provided as Attachment 2 reflects actual results through September 2014 and projects Utah DSM expenditures and Schedule 193 revenues through December 31, 2015. The analysis in Attachment 2 shows that the balance in the Utah DSM balancing account is expected to reflect an under collection on an accrual basis of approximately $13.8 million as of December 2015. Program level historical and forecasted expense information in support of the Utah DSM balancing account analysis is provided as Attachment 3.
Attachment 3 shows actual program expenses through September 30, 2014, of $67.6 million against the Company's November 2013 forecast (original forecast) of $62.1 million. The revised year-end 2014 forecast compared to the original 2013 forecast is $82.1 million versus $62.1

[1] In context of this filing, DSM Advisory Group is redefined as the DSM Steering Committee.

million, respectively. As agreed to in the Stipulation, in the event that expenditures for the Company's DSM programs reach 90% of the forecasted level prior to December 1st of the current year, the Company must notify the Office of Consumer Services, Division of Public Utilities, Commission and Steering Committee that the 90% threshold has been reached. Upon notification, parties are free to take any action or seek any changes not inconsistent with the Stipulation that it deems appropriate.

In compliance with the Stipulation, the Company acknowledges that with the revised 2014 forecast the 90% threshold was met as of August 2014, and final 2014 program expenditures are forecasted to exceed the Company's original forecast by approximately 32%. The Steering Committee was informed of the increased expenditure levels in the October 14, 2014, Steering Committee meeting. The Steering Committee meeting included representatives from the Office of Consumer Services and the Division of Public Utilities. Notification to the Commission that this 90% threshold was exceeded was filed with the Commission on October 24, 2014.

The higher 2014 expenditures were primarily due to (1) more residential lighting participation than forecast for Schedule 111, Home Energy Savings; (2) increased outreach and new programs for the small to mid-sized business customers for Schedule 140, *watt*smart Business; (3) 2014 Cool Keeper equipment purchases delayed from 2013 for Schedule 114, Air Conditioner Load Control; and (4) expansion of the Home Energy Reports program. Additional detail on these increased expenditures is provided below.

The increased residential lighting participation was primarily in light emitting-diode fixtures ("LEDs") as the price of LEDs dropped and performance of LEDs improved. The incentives paid continued to be cost-effective for the energy savings achieved, but as the price dropped the Company saw an opportunity to reduce the incentive and still provide sufficient incentive for customers to adopt the more energy efficient lighting. The increased customer participation with the energy savings achieved and increase in program expenditures was discussed with the Steering Committee on June 6, 2014. Updates to the Home Energy Savings program that included lower LED fixture incentives were filed on July 9, 2014 in Docket No. 14-035-T08, and the changes were approved and effective September 9, 2014. The forecast 2015 expenditures for the Home Energy Savings program reflect the lower lighting incentive levels.

A small business lighting direct install program was introduced in July 2014 targeting small business customers. This offer has been well received in Utah and provides an easy to implement energy efficiency program for small business customers who have historically not participated in the Company's energy efficiency programs. In addition, the Company has expanded the Trade Ally network and enhanced the support for custom projects undertaken by small business customers. These program enhancements increased energy savings and expenditures in the *watt*smart Business program in 2014 and are included in the 2015 forecast expenditures.

The change in the Cool Keeper program was a shift of equipment deliveries from December 2013 to January 2014. Overall, expenditures for this program were unchanged from the November 1, 2013 forecast.

In October 2014, the Company extended the initial Home Energy Reports pilot program an additional 2 years and expanded to an additional 200,000 Utah residential households. This extension and expansion was not included in the 2014 forecast that was filed in November 2013.

With the increased costs in 2014, the balance in the Utah Demand-side Management balancing account is under collected by $13.3m at September 30, 2014, and is projected to be under collected by $14.0m at December 31, 2014. This reflects expenditures in 2014 in excess of collections. The Company reviewed this balance and options for a tariff rider increase with the Steering Committee on October 14, 2014. A filing will be made in November 2014 to increase the collection rate over two years to balance collections and expenses. This will return the balancing account to a neutral position and then allow the surcharge collection rate to be lowered.

Also included in this filing, and in compliance with the Commission's February 10, 2012 Acknowledgement Letter in Docket No. 10-035-57, the Company has included an estimate of total program participation and contribution to peak system load for the Company's irrigation load control program. This analysis is included as Attachment 5.

An original and ten (10) copies of this filing will be provided via overnight delivery. The Company will also provide electronic versions of this filing to psc@utah.gov.

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Blvd., Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Michael Snow, Regulatory Projects Manager, at (801) 220-4214.

Sincerely,

Kathy Hymas

Kathryn Hymas
Vice President, Demand Side Management

cc: Division of Public Utilities
Office of Consumer Services

Enclosures