



201 South Main, Suite 2300  
Salt Lake City, Utah 84111

January 28, 2015

***VIA ELECTRONIC FILING  
AND HAND DELIVERY***

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

Attention: Gary Widerburg  
Commission Secretary

Re: Revised Advice No. 14-12  
Schedule 193 Rate Adjustment – Docket No. 14-035-T14

Enclosed for filing are an original and five (5) copies of proposed tariff sheets associated with Tariff P.S.C.U No. 50 of PacifiCorp, d.b.a. Rocky Mountain Power, applicable to electric service in the State of Utah. Pursuant to the requirement of Rule R746-405D, Rocky Mountain Power (the “Company”) states that the proposed tariff sheets do not constitute a violation of state law or Commission rule. The Company will also provide an electronic version of this filing to [psc@utah.gov](mailto:psc@utah.gov). The Company respectfully requests an effective date of February 1, 2015 for these changes.

First Revision of Sheet No. 193.2                      Schedule 193                      Demand Side Management  
(DSM) Cost Adjustment

The purpose of this filing is to revise the recommendation the Company submitted in Advice Letter 14-12, filed December 31, 2014 in the above referenced docket (“Initial Filing”). In the Initial Filing, the Company recommended a two-step approach to the Schedule 193 DSM Surcharge collection rate (“DSM Surcharge”) with an increase to 3.51 percent effective February 1, 2015, and a second increase to be effective January 1, 2016. At the time of the Initial Filing, the Company believed the two step approach would align projected expenditures and DSM Surcharge revenues by December 2016.

Since the Initial Filing, November and December 2014 actual results were updated, which showed the December 31, 2014 DSM accrual balance was under collected by \$18.4 million. This represented approximately \$4.3 million higher than originally forecasted. The increased expenditures were mainly due to an additional \$2.1 million in Home Energy Savings participation with lighting incentives, and \$1.6 million in the *watt*smart Business program.

The Company met with the DSM Steering Committee on January 13, 2015 to discuss this new information, and it was decided by all members that the Company’s recommendation in its Initial Filing would no longer be adequate to align projected expenditures and DSM Surcharge

revenues by December 2016. Pursuant to data requests received from the DPU, the Company calculated an alternative two-step approach with a first step increase to 3.62 percent effective February 1, 2015, and a second increase estimated to be 3.94 percent to be effective January 1, 2016. These adjustments would bring the DSM balancing account to near zero by the end of 2016 based on current forecasts. The Company is not requesting approval of the 3.94 percent adjustment for January 1, 2016 as part of this filing. The Company agreed to provide updated DSM balancing account information at the next Steering Committee meeting. A decision could be reached at that time whether rates should be adjusted mid-year or if a second review in November would be adequate.

At current rates, it is anticipated that the DSM Surcharge will collect approximately \$61.6 million during the twelve month period ending December 2015.<sup>1</sup> Adjusting the DSM Surcharge to 3.62 percent will collect approximately \$67.9 million annually. With a February 1, 2015, effective date, the revised Schedule 193 rates will collect \$67.4 million during calendar year 2015; an increase of \$5.8 million, or 9.4 percent in 2015.

In support of the Company's revised proposal to adjust the DSM Surcharge, Revised Exhibit A provides actual expenditures the Company incurred for its Utah DSM programs and Schedule 193 revenue for the balance of 2014 and projected expenditures through calendar year 2016. Revised Exhibit B is a balancing account analysis reflecting current program expenditure projections and DSM Surcharge revenue at the current collection rate. This analysis indicates that absent an increase to Schedule 193, the balance in the deferred account will be approximately \$18.7 million as of December 31, 2015. Assuming the proposed level of Schedule 193 revenue with an approved effective date of February 1, 2015, the balance in the deferred account is projected to be under collected by approximately \$12.7 million as of December 2015, as demonstrated in Revised Exhibit F. To address the under collection balance, the Company and Steering Committee believes it is prudent and in the public interest to adjust Schedule 193 rates to collect \$67.9 million on an annual basis with a February 1, 2015 effective date.

It should be noted that the projected DSM expenditures for 2015 only reflect programs that have been approved by the Commission. Expenditures for programs or program enhancements that may be launched or made in 2015 are not reflected in the expenditure forecast.

The average residential customer using approximately 8,376 kWh a year would see a \$4.56 annual increase effective February 1, 2015, or 0.5 percent on their monthly bill.

Revised Exhibit D illustrates the revenue impact of the Company's proposal by customer rate schedule. Revised Exhibit E details the development of the proposed rates by customer rate schedule.

The Company recommends the proposed approach outlined in this Revised Advice Letter with an increase to 3.62 percent effective February 1, 2015. The Division of Public Utilities, Office

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<sup>1</sup> This projection is based on customer loads, billing determinants and retail rates established in Docket No. 13-035-184 utilizing the June 2015 test period.

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of Consumer Services, and Utah Clean Energy filed comments in support of this approach January 21, 2015.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kathryn Hymas". The signature is fluid and cursive, with the first name "Kathryn" and last name "Hymas" clearly distinguishable.

Kathryn Hymas

Vice President, Demand Side Management

cc: Division of Public Utilities  
Office of Consumer Services  
Utah Clean Energy  
Utah Association of Energy Users

Enclosures