



1407 W. North Temple, Suite 330
Salt Lake City, Utah 84116

November 23, 2016

***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: Advice No. 16-__
Schedule 193 Rate Adjustment

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 R746-405-2(D), 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. The Company respectfully requests an effective date of January 1, 2017 for these changes.

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

The purpose of this filing is to propose a decrease to the Schedule 193 (the "DSM Surcharge") collection rate. At current rates, it is anticipated that the DSM Surcharge will collect approximately \$74.9 million during the twelve month period ending December 2017. It is proposed through this filing to set Schedule 193 rates at a level that will collect approximately \$68.6 million annually. With a January 1, 2017, effective date, the revised Schedule 193 rates will collect approximately \$68.6 million during calendar year 2017; a decrease of \$6.3 million, or 8.4 percent in 2017. The current DSM Surcharge collection rate represents approximately 4.0 percent of customer bills; the current proposal would decrease the collection rate to approximately 3.68 percent of customer bills effective January 1, 2017. Collections from this proposed adjustment align with forecast expenditures for 2017 and also takes into account the anticipated over collected balance ending in 2016. Accordingly, any variance between DSM expenditures and revenue collected by December 2017 is anticipated to be negligible with this proposed adjustment.

On November 1, 2016, in Docket No. 16-035-30, the Company submitted projected savings and expenditures for its DSM programs for 2017 and a DSM Surcharge balancing account analysis projecting activity in the deferred account through December 2017 ("Forecast Report"). The DSM

balancing account analysis reflected an over collection of \$2.47 million in the deferred account as of September 30, 2016, and projected the balance to be over collected by \$7.49 million by December 31, 2017. Considering the projected collections in excess of expenditures, the Company indicated its intention to submit an application with the Commission in November 2016 to decrease the DSM Surcharge collection rate to balance the estimated collections and expenses by December 31, 2017.

Historically, the DSM Surcharge has included a carrying charge factored into the analyses provided in previous Forecast Reports and DSM Surcharge adjustment filings. However, pursuant to the Sustainable Transportation and Energy Plan Act (“STEP”) authorized by Utah Senate Bill 115 and signed into law March 29, 2016, and as further described in the Supplemental Testimony and Exhibits of Steve McDougal filed October 17, 2016 in Docket No. 16-035-36, carrying charges will be applied to three separate balances beginning January 1, 2017:

- Regulatory asset balancing account for unamortized DSM expenditures;
- Regulatory liability balancing account for accelerated thermal plant depreciation; and
- Regulatory balancing account for STEP program allocations, STEP program expenditures, and unrecovered Utah Solar Incentive Program Costs

The balancing accounts for DSM expenditures (regulatory asset) and accelerated plant depreciation (regulatory liability) will have carrying charges with a rate equal to the most recent Commission approved pre-tax weighted average cost of capital. Carrying charges for the regulatory asset and regulatory liability are netted against each other, and any remaining amount is applied to the regulatory account which carries the greater balance. For this proposed Schedule 193 rate adjustment, there is no carrying charge that is being requested in the DSM Surcharge calculation other than what was included through the end of 2016.

In support of the Company’s proposal to adjust the DSM Surcharge, Exhibit A provides projected expenditures the Company expects to incur for its Utah DSM programs through 2017. Exhibit B provides current program expenditures and DSM Surcharge revenue at the current collection rate through 2017. By removing the carrying charge, the forecast in Exhibit B indicates that absent a decrease to Schedule 193, collections will be in excess of expenditures by \$6.38 million as of December 31, 2017 at current rates, rather than the \$7.49 million as reflected in the Forecast Report. Exhibit C revises the forecast in Exhibit B to reflect the level of Schedule 193 revenue proposed in this Advice Letter. Assuming the proposed level of Schedule 193 revenue with an approved effective date of January 1, 2017, collections are projected to be in excess of expenditures by \$14.9 thousand as of December 31, 2017. The Company believes it is prudent and in the public interest to adjust Schedule 193 rates to collect \$68.6 million on an annual basis with a January 1, 2017 effective date.

The intent of this adjustment is to bring the variance between collections and expenditures to an inconsequential amount by December 31, 2017. The need to adjust the DSM Surcharge was discussed with the Utah DSM Steering Committee (the “Steering Committee”) on October 26, 2016. A draft of this filing was also circulated to the Steering Committee on November 16, 2016. No concerns or opposition were raised by Steering Committee members.

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The average residential customer using approximately 8,377 kWh a year would see a \$2.93 annual decrease effective January 1, 2017, or 0.3 percent on their monthly bill. It should also be noted that the DSM Surcharge amount on customers' bills will be combined with the surcharge amount from Schedule 195, once approved, proposed in Docket No. 16-035-36, showing up as a single line item.

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

It is respectfully requested that all formal communications and data requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificorp.com
michael.snow@pacificorp.com

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

Informal inquiries may be directed to me at (801) 220-4214.

Sincerely,



Michael S. Snow
Manager, DSM Regulatory Affairs

cc: Division of Public Utilities
Office of Consumer Services

Enclosures