ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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January 21, 2020

VIA ELECTRONIC FILING

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: **Reply Comments**
In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 194, Demand Side Management Credit
Docket No. 19-035-T18

On January 2, 2020, the Public Service Commission of Utah ("Commission") issued a Notice of Filing and Comment Period in the above referenced matter, allowing parties to submit comments and reply comments on or before January 13 and 21, 2020, respectively. The Utah Division of Public Utilities ("DPU"), Office of Consumer Services ("OCS"), and Utah Clean Energy ("UCE") and Southwest Energy Efficiency Project ("SWEEP") submitted comments January 13, 2020. Rocky Mountain Power (the "Company") provides these reply comments in response to comments filed by the aforementioned parties.

DISCUSSION

The DPU and OCS both support the Company's proposed changes and recommend Commission approval in their comments. UCE and SWEEP however, oppose the amount of the Company's proposed refund, given that rate adjustments and refunds have historically been based on the accrual based balance rather than the cash based balance. UCE and SWEEP also believe it is prudent to maintain a "modest" balance of millions of dollars in the DSM balancing account to allow the Company flexibility to respond to opportunities in the DSM market, such as the initiatives suggested by UCE and SWEEP during a conference call meeting with DSM Steering Committee members November 21, 2019.

<u>DSM Budget and Energy Savings</u>

UCE and SWEEP indicate in their comments that the Company has failed to meet its DSM spending and savings forecasts over the past few years. As stated in previous dockets, the Company's continued intent is to manage the DSM portfolio to achieve the savings recommended by the Integrated Resource Plan ("IRP") while prudently spending customer funds on cost-effective programs. The Company does not believe it is prudent, cost-effective, or in the public interest to spend excessive customer funds on DSM programs beyond the IRP prescribed DSM acquisition. Efficiently spending customer funds to come in under budget while still achieving the

IRP prescribed DSM acquisition increases cost-effectiveness and provides beneficial rate decreases and refunds for customers. Table 1 below provides the total Class 2 IRP prescribed DSM acquisition targets against the Company's actual achieved savings, as well as the Company's Class 2 budget forecast and actual spend from 2015 through 2018.[1]

Table 1 – Class 2 Savings and Budget Totals 2015-2018[2]

IRP Class 2 Target	Achieved Class 2 Savings	Variance
1,078,740 MWh	1,113,412 MWh	+34,672 MWh
Forecast Class 2 Budget	**Actual Class 2 Expenditures**	
$219,588,844	$199,449,959	($20,138,885)

Per Table 1 above, the Company over achieved the overall Class 2 IRP target by 34.6k MWh and underspent its budget by more than $20 million in recent years, providing direct cost savings to customers. The Company will continue to manage the DSM portfolio to achieve IRP prescribed DSM acquisition while spending customer funds efficiently.

Accrual versus Cash Based Balances

UCE and SWEEP oppose the use of the cash based balance due to historically using the accrual based balance since 2011. The Company reiterates its position that since the capitalization of DSM costs in 2017, there has been a growing disparity between the balancing account carrying charge, which is based on the cash based balance, and rate adjustments and refunds, which have been based on the accrual based balance. This disparity has contributed to the ongoing significant over-collected balance in the deferred account that has been prominent in recent years and must be addressed. The Company believes that aligning this disparity by managing the deferred account on a cash basis at this time is prudent and will help to resolve the recurring process of significant over-collections and refunds. The Company's quarterly balancing account reports will continue to show the accrual based liability for transparency, but rate adjustments and refunds will be based on the cash based balance going forward to align with carrying charges under the capitalization structure.

DSM Initiatives

UCE and SWEEP's comments provide examples of "new" DSM initiatives they have suggested that the Company pursue, all of which the Company is already actively pursuing, as further described below.

[1] 2019 program year is omitted as actual energy savings and expenditures have not yet been reconciled.
[2] Sources for Table 1 numbers are derived from the Company's November 1st Forecast Reports and DSM Annual Reports. Additionally, because the IRP only accounts for Home Energy Report incremental savings, the total achieved Class 2 savings provided in Table 1 also only includes Home Energy Report incremental savings to enable the numbers to be on comparable terms.

Dominion Energy Collaboration – The Company has established an inter-utility agreement with Dominion Energy providing the opportunity to partner in offering DSM programs, and is currently in discussions with them to develop sub-agreements on specific programs, including Dominion Energy's residential direct-install pilot program. These efforts have been built into the Company's forecast budget and energy savings for 2020, and accounted for in the proposed refund from this docket. Thus, this initiative effort does not require additional funds or flexibility in the balancing account as UCE and SWEEP suggest in their recommendation for a lower refund amount.

Load Control Forecast – UCE and SWEEP claim that the Company's 2020 DSM Forecast Report does not account for the increased benefits of the Company's load control programs, forecasting only 139 MW. It was a recommendation of most parties in the 2020 DSM Forecast Report Docket,[3] including UCE and SWEEP, to update the 2020 forecast to account for these increased benefits. The Company agreed with this recommendation and updated the 2020 forecast in its reply comments filed December 17, 2019, which increased the total load control program forecast from 139 MW to 259 MW.

Targeted Re-Commissioning – Subsequent to UCE and SWEEP's recommendation in the November 21, 2019 DSM Steering Committee phone meeting, the Company reached out to Salt Lake City concerning this initiative and is in discussions to obtain customer details for a targeted effort. Dependent upon the volume and the obtaining of this customer data, the Company is confident it can roll out these efforts within current budget projections and potentially expand the effort in 2021 if successful.

Targeted Outreach and Bonus Incentives – While the Company continues to have targeted outreach for underserved communities and customer sectors, the Company does not believe it would be fair to provide bonus incentives to specific customers simply because they have not yet participated in a DSM program.

Targeted Marketing to Homes with Electric-Resistance Heating – The Company does not have a database of homes with electric resistance heating, but has embarked on targeting this customer segment to the best of its ability. In 2019, the Company began attempting to target electrically heated residential customers through past program participation data, housing stock information, and other data sets. The data sources were used to create a list of potential locations that are all electric and is being used for targeted marketing. To date, the results have not yielded a large volume of qualified locations (actual all electric homes) in single family and manufactured homes market. The Company believes the multifamily market has a higher volume of electric resistance heating and is subsequently targeting both market rate and low income properties to participate in the custom multifamily program.

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[3] Docket No. 19-035-28.

CONCLUSION

Based on the reply comments discussed herein, as well as the approval recommendations of the DPU and OCS, the Company continues to believe its proposal, as filed, is prudent and in the public interest, and recommends the Commission approve Advice No. 19-17 as filed, effective February 1, 2020.

Sincerely,

Michael S. Snow
Manager, Regulatory Affairs

CERTIFICATE OF SERVICE

Advice No. 19-17
Docket No. 19-035-T18

I hereby certify that on January 21, 2020, a true and correct copy of the foregoing was served by electronic mail to the following:

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