

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of)	<u>DOCKET NO. 01-035-01</u>
PacifiCorp for an Increase in its Rates and)	
Charges)	<u>ORDER ON RECONSIDERATION OF</u>
)	<u>DSM ISSUES</u>
)	

ISSUED: October 29, 2001

By The Commission:

The Utah Energy Office (UEO) and the Land and Water Fund of the Rockies filed separate requests for rehearing and/or reconsideration of the Commission's order with regard to its ruling on demand-side management (ADSM@) programs. Both parties argue that the Commission erred in its decision by not ordering implementation of DSM programs on an expedited basis. In addition, the parties argue that the Commission's order is unclear and lacks specificity with regard to what the Company must file in its interim integrated resource plan (IRP) known as the Resource and Marketing Planning Program or RAMPP or when it must be filed. This leaves the parties uncertain on how to promote cost-effective DSM in the Company's Utah serviced territory.

The UEO requests a date certain by which the Company must file its interim RAMPP report and suggests December 31, 2001. As part of the interim update of the IRP, the Commission should direct the Company to revise RAMPP-6 in collaboration with the Energy Efficiency Advisory Group and specifically evaluate the DSM programs identified in UEO's sponsored testimony contained in the Tellus Report. The UEO also recommends that the

Commission order the Company to file a plan to clarify how the Company intends to revise the RAMPP process and methodology to ensure that all cost-effective measures are identified as part of the next interim update and RAMPP-7.

The LAW Fund requests that the Commission either direct the Company to revise RAMPP to identify all cost-effective DSM in its next interim update or it should order the Company to come forward with additional DSM programs. The LAW Fund suggests a February 1, 2002 date for the interim report filing. Both are concerned that DSM projects be evaluated and implemented before the summer peak of 2002.

In its October 22, 2001 reply to the requests for reconsideration, the Company argues that it should not be directed to revise RAMPP-6 and specifically evaluate the DSM programs identified in the Tellus Report. The Company interprets our order to mean that an Ainterim update was not ordered and that the next updated IRP (RAMPP-7) is to be accomplished by December 31, 2002. No other RAMPP filing has been planned or ordered and the Company understands the Commission=s reference to an Ainterim@ update of the IRP to be the RAMPP-7 report.@ (Company=s Reply brief p. 2)

The Company acknowledges in its brief that it has already updated the RAMPP-6 model with more current assumptions and has input the Tellus programs assumptions. Unfortunately the results of that study are not on the record. The Company states that it can report on the progress to date on RAMPP-7 if requested by the Commission, however the modeling necessary to evaluate the cost-effectiveness of DSM programs is not available and cannot be available by December 31, 2001. A revised RAMPP-6 is not supported on the record or feasible.

The UIEC and the Committee of Consumer of Consumer Services filed comments opposing the petitions for reconsideration arguing that there is no basis for reconsideration.

The Commission finds merit in the parties' request for reconsideration and clarification. Our original order specified that the Company would evaluate each program and incorporate cost-effective demand-side resources in the next interim report. We intended the Company to evaluate the DSM programs discussed in the Tellus Report and we expected that the Company would file an interim report before its filing of the biennial report of RAMPP-7 due December 31, 2002. We based this intention on the Company's stated desire to revamp the RAMPP process as enunciated in its RAMPP-6 report.

PacifiCorp recommends that less focus be placed on the biennial report generation and more focus placed on interim updates and scenario modeling.
.....One option to the current IRP process would be periodic and perhaps quarterly IRP, advisory group meetings. Prior to and at these meetings the advisory group members could submit scenarios that they would like to see modeled and reported at the meeting. The Company feels that this approach would provide more real time information and would have a higher value both to the interested parties and the Company. @ RAMPP-6 Report page 18

The planning process requires the evaluation of both supply-side and demand-side resources. Preferably, such evaluations are performed before resource decisions are made. We feel it is urgent that the Company adopt a practical planning procedure that conforms with our IRP guidelines. The current RAMPP process appears to be deficient in that the full range of DSM projects was not effectively evaluated. The question before us is how to get an evaluation of all resources before investment. The Commission would prefer that this be accomplished before next summer's peak demand period so the Company can go forward with prior

knowledge that the investments it pursues conform to our IRP guidelines and thus the Company will be more comfortable with its cost recovery opportunities.

The Commission orders the Company begin its IRP quarterly update as soon as possible so that it can analyze the DSM scenario suggested by the Tellus report. It is the Commission's intent that the process will concentrate on investments in both demand-side and supply-side resources that would meet the Company's most dire needs, which according to our understanding is the Company's 2002 summer peaking and other short term requirements. We envision that resources that are cost-effective under a broad array of assumptions are developed and implemented as soon as possible. The group should concentrate on those demand-side resources that pass the Ratepayer Impact Measure. In addition, special attention should be given to those resources that will provide the most impact on costs savings or those resources that are least cost.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that the Company will reconvene interim IRP meetings to determine the best way to investigate the cost-effectiveness of the Tellus DSM programs as well as supply-side options. The Company is directed to invite the members of the Energy Efficiency Task Force to participate in these meetings. The Company should attempt to gain consensus on which programs should be studied for possible implementation for the coming summer as well as a plan on how the resources are best evaluated, either with a revised RAMPP-6 or a preliminary RAMPP-7 model. The Company will file an advisory memo with the Commission by December 31, 2001 on how the Company will proceed.

After studying the issue with the IRP group, the Company will then develop an implementation plan for its most promising resources to help meet the Summer peak of 2002 and present it to the Commission by April 1, 2002. This assumes that the revised load and resource balance requires the acquisition of new resources.

DATED at Salt Lake City, Utah, this 29th day of October, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#26946