



# State of Utah

DEPARTMENT OF COMMERCE

Michael O.  
Leavitt  
Governor  
  
Ted Boyer  
Executive Director

**DIVISION OF PUBLIC UTILITIES**

www.publicutilities.utah.gov  
Heber M. Wells Building 4<sup>th</sup> Floor  
160 East 300 South / Box 146751  
Salt Lake City, Utah 84114-6751  
Telephone: (801) 530-7622  
Fax (801) 530-6512 or (801) 530-

**MEMORANDUM**

TO: Public Service Commission

FROM: Division of Public Utilities  
  
Lowell Alt, Director  
  
Energy Section  
  
Mary Cleveland, Regulatory Analyst

DATE: November 15, 2002

RE: PacifiCorp's Advice Filing 02-12, Schedule 191 –  
Demand Side Management (DSM) Cost Adjustment, Docket No. 02-035-T12.

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**ISSUE:**

On October 31, 2002, PacifiCorp, dba Utah Power & Light Company, filed a petition for approval of a Demand Side Management Cost Recovery Tariff Schedule and for establishment of procedures to implement demand side management cost recovery. The Company is seeking approval of the form of its Demand Side Management Cost Recovery Tariff at this time.

**REQUEST FOR HEARING:**

Per Section 54-7-12.8 of the Utah Code Annotated 1953, the Division of Public Utilities requests the Utah Public Service Commission to hold a hearing in this matter.

**DISCUSSION:**

As provided in Section 54-7-12.8, the Commission may approve a tariff under which an electrical corporation includes a line item charge on its customers' bills to recover costs incurred by the electrical corporation for demand side management. Prior to proposing a tariff under this section the electrical corporation is required to seek and receive input from the Division of Public Utilities, the Committee of Consumer Services, and other interested parties. PacifiCorp has previously received input from the Utah DSM Advisory Group.

Before approving a tariff under this section, the Commission shall hold a hearing if requested in writing within 15 days of the tariff filing, or the Commission determines that a hearing is appropriate. The Division believes that a hearing is appropriate in this instance for the following reasons:

*Mission Statement*

"To promote the public interest in utility regulation and work to assure that all utility customers have access to safe, reliable service at reasonable prices."

- Interested parties may not have been included in the Utah DSM Advisory Group, nor was there agreement among the parties represented in the Utah DSM Advisory Group.
- The tariff as submitted contains criteria allowing certain large end-use customers to receive a credit against the charges imposed under the tariff for electric energy efficiency measures that the customer implements or has implemented. The Commission may approve a tariff under this section either with or without such a provision and has the authority to establish the criteria. The Division believes these issues should be thoroughly examined.
- In approving a tariff under this section, the Commission may impose whatever conditions or limits it considers appropriate, including a maximum annual cost. The tariff as filed has no conditions or limits.
- In its application for an “Accounting Order Authorizing Treatment of Demand Side Resource Costs”, Docket No. 01-035-21, PacifiCorp sought: “Commission approval to begin deferring on August 1, 2001, all non-loan expenditures directly associated with current and future Commission-approved DSR programs, to amortize the deferred DSR costs over five years, and to delay the amortization of those costs until the amortization is reflected in prices, or until the beginning of the third calendar year following the year in which the costs were incurred, whichever occurs first . . .”. In its order issued September 28, 2001, the Commission authorized PacifiCorp to account for current and future Commission-approved DSR programs in the manner described above. In the current application, PacifiCorp is deviating from its previous position, as well as the Commission’s order, requesting DSM costs incurred under Docket No. 01-035-21, be amortized over a three year period.

cc:

D. Douglas Larson, PacifiCorp  
John M. Eriksson, Stoel Rives, LLP  
Gary Dodge, UAE  
Neal Townsend, Energy Strategies  
Jeff Burks, Utah Energy Office  
Barrie McKay, Questar Gas Company  
Committee of Consumer Services

*Mission Statement*

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