

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power Advice No. 09-08, seeking an Adjustment to the DSM Tariff Rider, Schedule 193.	Docket No. 09-035-T08
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WESTERN RESOURCE ADVOCATES' PROPOSAL ON SCOPE

Western Resource Advocates (WRA) appreciates the opportunity to provide input and proposals regarding the appropriate scope of inquiry and the appropriate forum to consider issues relating to the Company's acquisition of, and cost recovery for, Demand Side Management programs provided to Utah customers. WRA supports the aggressive pursuit of cost-effective demand side resources to serve Utah customers and meet the State's energy, economic, and environmental policy objectives. In the discussion that follows, WRA has underlined its specific scope recommendations.

Background

As a result of current economic conditions and other factors, participation in – and therefore expenditures for – the Home Energy Savings insulation program far exceeded forecasts. Because of this, the current tariff rider significantly under-collected the revenues necessary to keep Rocky Mountain Power whole. This, along with an increase to its DSM expenditure forecast, led the Company to seek an unexpectedly large increase to its DSM tariff rider.

The Utah Industrial Energy Consumers and the Utah Association of Energy Users, both concerned about the unexpected increase, requested a hearing and moved that the Commission:

- Review and, if appropriate, make adjustments to the DSM Cost Recovery Mechanism;
- Examine the cost effectiveness of and set appropriate spending caps for existing and planned programs;
- Provide immediate DSM tariff rider opt-out provisions; and
- Examine the prudence of current program offerings.

WRA will provide its position with respect to each of these items in the discussion that follows.

Discussion

Cost Recovery Mechanism

It is not clear that the current tariff rider cost recovery mechanism is in need of overhaul in order to avoid situations such as that which predicated this docket. The unexpected participation in the Home Energy Savings insulation program along with a lapse in communication between the Company and stakeholders precipitated the unexpected tariff rider impact proposed by the Company. The Stipulation submitted to the Commission on August 3, 2009 contains three provisions that should act individually and in concert to prevent another filing such as that which triggered this case.¹

However, the situation which triggered this docket does highlight an issue with respect to a tariff rider as a cost recovery mechanism for DSM. Itemizing DSM expenditures on customers' bills unduly draws attention to DSM spending in contrast to spending for supply-side resources. As such, it might be time to re-evaluate cost recovery mechanisms for the Company.

WRA recommends that the Commission assign the task of developing recommendations related to cost recovery and utility incentives/disincentives to the DSM Advisory Group. The tariff rider was initially implemented to address Rocky Mountain Power's disincentive to pursue DSM projects, and WRA believes it is imperative that RMP's incentives to provide cost-effective demand-side management programs for its customers be preserved, and perhaps be augmented. The DSM Advisory Group should be asked to explore alternative regulatory models to secure adequate DSM development, and should examine the impacts of these models on the incentives and disincentives for both the Company and its customers to deploy energy efficiency. The recommendations should be scheduled for filing with the Commission within a specified time period, e.g. six months, after which the Commission would docket any remaining issues or recommendations for decision.

Evaluation of Cost Effectiveness of Current and Planned Programs

WRA does not support evaluating the cost-effectiveness of current program offerings, either within this docket, or in a separate docket. The cost-effectiveness of current programs has already been evaluated using Commission-approved methodologies at the time the Company filed for program approval. Further, these programs were reviewed for calendar year 2008. WRA would not, however, oppose formalizing an annual, prospective, review process.

¹ Paragraph 10 of the Stipulation requires the Company to provide a DSM deferred account analysis to the Commission and the Demand Side Management Advisory Group every six months. Paragraph 11 states that, should the Company's expenditures for its demand side management programs reach 90% of the forecasted levels prior to December, the Company will inform the Commission, the Division, the Office, and the Demand Side Management Advisory Group. Finally, the Parties to the Stipulation agreed not to oppose the Company's filing of a flexible tariff that would give the Company a bit more flexibility should incentive levels or other elements of a program's design appear to need adjustment.

WRA would note that, in any event, further review of the cost-effectiveness of programs should generally await the Commission's decision in Docket No. 09-035-27, which will determine the appropriate standards for judging the cost-effectiveness of a program.

Opt-Out Provisions

Again, WRA believes the DSM Advisory Group is the appropriate forum for reviewing the current DSM model and whether or not changes are needed. Recommendations related to opt-out provisions should be provided by the DSM Advisory Group in the same time-frame as those for cost recovery and incentives/disincentives.

Prudence of Current Programs

The prudence of current programs is not an appropriate topic for this proceeding.

WHEREFORE, WRA respectfully requests that the Commission issue an order on the scope of this docket consistent with the recommendations WRA has submitted herein.

Respectfully submitted,

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