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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities
Phil Powlick, Director
Energy Section
Artie Powell, Manager
Thomas Brill, Technical Consultant
Abdinasir M. Abdulle, Technical Consultant

Date: May 27, 2010

Re: 10-035-37 – Utah Demand Side Management Annual Report for 2009

RECOMMENDATION (Acknowledgement)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) acknowledge the Utah Demand-Side Management Annual Report for 2009, filed by Rocky Mountain Power (RMP or the Company) as complying with the Commission Order in Docket No. 09-035-27.

ISSUE

In its Order in Docket No. 09-035-27, dated October 7, 2009, the Commission directed the Company to provide an annual report on demand-side management (DSM) no later than March 31st of each year. On March 31, 2009, RMP filed its demand-side management annual report for the calendar year 2009. On April 1, 2010, the Commission issued an Action Request to the Division requesting by May 31st an explanation and statement of issues to be addressed. This Memorandum is in response to the Commission's Action Request.

DISCUSSION

In its Order, in Docket No. 09-035-27 dated October 7, 2009, the Commission directed RMP to provide an annual report on the activities of its demand-side management programs no later than March 31st of every year. In that Order, the Commission also directed RMP to “file for Commission approval the proposed content and format of the annual DSM report required in the Program Performance Reporting stage within 45 days from the date of this order.” On November 19, 2009, RMP filed its proposed content and format of the annual demand side management report. On December 21, 2009, the Commission issued an Order approving RMP’s proposed content and format of the annual demand-side management report with some modifications.

On March 31, 2010, RMP filed its annual report on its DSM activities. The report followed the Commission-approved content and format. The annual report contained information on the activities and trends within each program, as well as the cost-effectiveness test results, which are provided at several levels. The cost-effectiveness test results cover overall portfolio level, market segment level (residential and non-residential programs), class of resource level, individual program level, and measure and measure group level. In addition, the annual report contained information on the program and portfolio performance compared to forecasts, a timeline for when evaluations will be completed for each program offered in the state of Utah, and a plan for 2010.

The annual report indicates that all portfolios and programs passed the Utility Cost Test (UCT). The overall portfolio was cost effective on all five cost-effectiveness tests. All of the market segments and programs were cost effective on four of the five cost-effectiveness tests. The residential programs and residential portfolio failed the rate impact measure (RIM) test.

The report indicates that the Company has exceeded its Utah targets of 162,815 MWh/year of energy savings and 147 MW of load management based on the 2008 IRP. It acquired for the year 247,799 MWh of energy savings and 152 MW of load management with an expenditure of \$58,181,554. Of the energy savings in 2009, 123,868 MWh were from residential programs, with the remainder from non-residential programs.

The Division obtained all worksheets used to perform the analysis contained in the report. These work papers included spreadsheets from the program administrators and CADMUS. The Division carefully reviewed these work papers and verified the information contained in the annual report.

At the beginning of 2009, the accumulated DSM account balance was \$7,015,459, which increased to \$28,379,393 at the end of the calendar year. However, the collection rate, which was approximately 2.1%, was increased to approximately 4.6% effective September 2009. This increase was intended to bring the balancing account into balance over 24 months ending August 2011. The increase in the account balance was moderated over the last four months of 2009 by the 4.6% collection rate. The Division is concerned with the growth in the account balance in 2009. Consequently, the Division performed a simple analysis in an effort to determine if the account balance would approach zero by the August 2011 timeframe. In this analysis, the Division reviewed the Company's forecast of the account balance in Docket No. 09-035-103 and updated the Company's forecast of the account balance for October-December 2009 historical data. The Division estimates that the account balance would be approaching zero by August 2011 timeframe.

CONCLUSION

The Division concludes that the Company adequately followed the annual DSM content and format Ordered by the Commission in Docket No. 09-035-27 and the information, including the cost-effectiveness tests, is useful and accurate. Therefore, the Division recommends that the Commission acknowledge the DSM annual report as filed by the Company.

CC: Michele Beck, CCS
Rea Petersen, DPU
Jeff Larsen, RMP
Dave Taylor, RMP
Jeff Bumgarner, RMP