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State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Thomas Brill, Technical Consultant
Brenda Salter, Utility Analyst

Date: December 1, 2011

Re: Utah Demand-Side Management Semi-Annual Forecast for 2012, Docket No. 10-035-57.

RECOMMENDATION (Acknowledgement)

The Division of Public Utilities (Division) recommends that the Commission acknowledge the 2012 Semi-Annual Forecast filed by Rocky Mountain Power (Company) as being in compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation

ISSUE

In Compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08, on November 1, 2011, the Company filed its 2012 Demand-Side Management Semi-Annual Forecast, which contains an analysis of the DSM balancing account. On November 3, 2011, the Commission issued an Action Request to the Division for comments on the Utah

Demand-Side Management Semi-Annual Forecast. This memorandum is in response to the Commission's Action Request.

DISCUSSION

On August 25, 2009, the Commission issued an Order approving the Phase I Stipulation in Docket No. 09-035-T08. The Phase I Stipulation required the Company to file semi-annually an analysis and forecast of the balancing account similar to that provided by the Company in Advice No. 09-08. In compliance with the above Order, on November 1, 2011, the Company filed its 2012 Demand-Side Management Semi-Annual Forecast. This report showed that, based on the Company's projections of the revenues and expenses of the Demand-Side tariff rider, the account balance will result in an over-collection in the amount of approximately \$8.4 million by December 2011. In addition, the forecasted deferred account reflects an over-collection of approximately \$18.1 million in December 2012.

The Division encourages the Company to continue monitoring the deferred account balance. The Company has identified that the over-collection has resulted from the Company's projection of both increased loads due to projected economic recovery and the rate increase resulting from the recently concluded 2010 general rate case. The over-collection is increasing due to both increasing revenues as well as a downward revision in forecasted expenditures. To address the positive balance the Company indicated they were in the process of preparing an application to reduce the Utah DSM tariff rider rate. The Division has been informed by the Company that a Schedule 193 Rate Adjustment request was filed on November 23, 2011 and is requesting a January 1, 2012 effective date. The Division also notes that while filed with the Commission on November 23, 2011, the Division has not yet received the application from the Commission or an Action Request regarding this matter.

CONCLUSION

Based on its review of the Company's filing, the Division concludes that Company's 2012 Semi-Annual Forecast complies with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation. The Division recommends that the Commission acknowledge the current semi-annual report.

CC: Michele Beck, OCS
Aaron Lively, RMP
Dave Taylor, RMP