- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Rocky Mountain Power Demand-Side Management 2010 Semi-Annual Forecast	)))))	DOCKET NO. 10-035-57 ORDER

ISSUED: December 21, 2011

By The Commission:

On November 1, 2011, PacifiCorp ("Company"), d/b/a Rocky Mountain Power filed its 2011 Demand Side Management ("DSM") Semi-Annual Forecast Report ("Report") containing forecast expenditures for approved DSM programs and projected energy and capacity acquisition targets for calendar year 2012. The Report also includes the Company's actual Schedule 193 balancing account results for January 2011 through September 2011, along with the projected Utah DSM expenditures and revenues through December 2012.

On November 3, 2011, the Commission issued an Action Request to the Division of Public Utilities ("Division") to evaluate the Report. On December 1, 2011, comments were filed by the Division and Utah Clean Energy and the Southwest Energy Efficiency Project ("UCE/SWEEP").

On December 1, 2011, the Commission issued a Follow-Up Action Request in response to the Division's December 1, 2011, comments. In this action request, the Commission directed the Division to provide a recommendation on the Company's forecast of expenditures for approved programs and their acquisition targets (in megawatt hours and in megawatts) in relationship to the DSM targets listed in the Company's 2011 Integrated Resource Plan[1] ("IRP").

[1] See Docket No. 11-2035-01: "In the Matter of: PacifiCorp's 2011 Integrated Resource Plan."

On December 8, 2011, the Division filed a memorandum in response to the Commission's Follow-Up Action Request. On December 9, 2011, the Office of Consumer Services ("Office") also filed responsive comments on the Commission's Follow-Up Action Request.

DISCUSSION

In the Report, the Company identifies projected savings from each of its Utah DSM programs for calendar year 2012. In the Report's Attachment A, the Company projects Utah DSM programs will result in 177 megawatts of capacity savings for 2012. Of this amount, 125 megawatts will be realized in residential DSM programs (air conditioning load control) and the balance, 52 megawatts, will be realized in Industrial DSM programs (irrigation load control). Also in Attachment A, the Company estimates 250,000 megawatt hours of energy savings in 2012, primarily through current Utah DSM energy efficiency programs.

The Report also includes Attachment B which provides an analysis of the Schedule 193 balances, both actual and projected, for calendar years 2010 through 2012. In Attachment B, the Company estimates DSM expenses for calendar year 2012 will total approximately $47 million and collections (revenues) will total approximately $55.6 million. The Company forecasts a positive ending balance, which, when account carrying charges and past balances are included, represents an over-collection from customers of about $18.2 million ending December 31, 2012. To address this positive ending balance, the Company, in Docket

No. 11-035-T14[2] filed a subsequent application requesting a reduction in the Utah DSM tariff rider collection rate.

In its December 1, 2011, responsive comments, the Division recommends the Commission acknowledge the Company's DSM program forecast as being compliant with the Commission's August, 25, 2009, Order in docket No. 09-035-T08[3] ("August 2009 Order"). The Division suggests the Company's forecasted over-collection for calendar year 2012 is a result of increasing Company revenues and a downward revision in forecasted DSM expenditures. The Division also notes the Company's November 23, 2011, filing in Docket No. 11-035-T14, which requests a reduction in the Utah DSM tariff rider and suggests this may be a means of addressing the positive balance within the Utah DSM tariff rider account.

UCE/SWEEP recommends that the Commission require the Company to include the additional information which UCE/SWEEP requested of the Company in a discovery data request submitted on November 18, 2011. Specifically, for each of the Company's Utah DSM programs, UCE/SWEEP recommends the Company include the following information in future semi-annual reports:

1. Both projected net and gross savings estimates for the next calendar year, at both the customer and generator levels;
2. The Company's planned expenditures to achieve the savings projected net and gross savings estimates for the next calendar year, at both the customer and generator levels;
3. The most recent estimates of net and gross savings for the current year, for as many months of the year as possible at both the customer and generator levels; and

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[2] Docket No. 11-035-T14, "In the Matter of: The purpose of this filing is to propose a reduction to the Schedule 193 (the 'DSM Surcharge') collection rate."

[3] Docket No. 09-035-T08: "In the Matter of: The purpose of this filing is to request an adjustment to the Demand Side Management (DSM) Cost Adjustment tariff rider (appearing on customer bills as a line item entitled "Customer Efficiency Services") to collect approximately $85.4 million per year to support the acquisition of cost effective energy efficiency and load management resources."

4. The planned budget and currently anticipated expenditures for the current year. For those programs for which the anticipated budget is less than the planned budget, an explanation of why the Company is likely to be under budget and what steps if any the Company is taking to increase program participation in the future.

UCE/SWEEP asserts this information will be useful in evaluating the Company's DSM portfolio and will provide more clarity in assessing projected and actual expenditures and savings. UCE/SWEEP suggests this information will also provide for more productive input among DSM Advisory Group members.

In its response to the Follow-Up Action Request, the Division indicates it compared the Report's Attachment A with the Company's "Preferred (resource) Portfolio" in the IRP. The Division found Utah Class I DSM amounts forecasted in the Report totaled 177 megawatts for calendar year 2012. By contrast, the IRP Preferred Portfolio lists a total of 70 megawatts in Utah Class I DSM amounts for calendar year 2012. The Division indicates it is unable to reconcile this difference in estimated 2012 Class I DSM resources.

Similarly, the Division cannot reconcile the 250,000 megawatt hour energy estimate in the Report's Appendix A with the IRP's 47 megawatt capacity estimate for 2012 Class II DSM resources. The Division notes the Report's 250,000 megawatt hour energy estimate may be consistent with the IRP's 47 megawatt capacity estimate assuming a total average capacity of about 60 percent over 8,760 hours. However, the Division is unable to verify this conclusion. The Division is also unable to show how capacity data can be translated into energy data and accurately allocated among the Company's 12 Class II DSM programs.

Consistent with its initial review of the Report, the Division continues to recommend the Company's 2012 semi-annual forecast of DSM program expenditures (as found in Attachment B) is reasonable, especially in light of the general state of the economy and low inflation. However, the Division recommends the Commission direct the Company to file an explanation of how the Report's Attachment A can be reconciled with the corresponding IRP DSM targets.

In its response to the Follow-Up Action Request, the Office indicates it has no concerns with the Company's Schedule 193 DSM balancing account analysis. However, the Office contends it is important for the Commission and other stakeholders to know whether DSM savings estimates are eroding. The Office argues given the Company's forecasted short-run resource deficits in the IRP, it is essential that the actual level of DSM achieved either meets or exceeds proposed planning targets.

The Office recommends the Commission direct the Company to report projected DSM program savings estimates for capacity and energy in all future semi-annual Reports. Also on a going-forward basis, the Office recommends the Commission require the Company to report how these capacity and energy savings targets compare to DSM targets included in the Company's most recent IRP. Further, for all future semi-annual Reports, the Office recommends the Commission direct the Company to explain why forecasted DSM program savings may deviate from the IRP targets. According to the Office, when such deviations fall below targeted savings, the Company should be required to identify contingency plans for acquiring replacement resources.

DISCUSSION FINDINGS AND CONCLUSIONS

We find no party opposes the Report's projected Utah DSM expenditures for existing programs and Schedule 193 revenues as found in Attachment B. We therefore accept the Division's recommendation that the Company's 2012 semi-annual DSM program forecast be acknowledged as compliant with the requirements found in our August 2009 Order.

We note the Division's inability to reconcile the Report's projected 2012 Utah DSM acquisition targets as found in Appendix A with corresponding targets in the IRP. We are therefore unable to accurately determine if forecasted 2012 Utah DSM program acquisition goals are consistent with the Company's proposed DSM acquisition goals as stated in the IRP. We adopt the Division's recommendation on this issue and direct the Company to prepare a supplementary filing which includes an explanation of how the calendar year 2012 projected savings for each Utah DSM program listed in Attachment A can be reconciled with corresponding targets in the IRP Preferred Portfolio for calendar year 2012.

The Office recommends the Commission direct the Company to report capacity and energy savings in all future Report filings. We take notice of the Report's Attachment A showing estimated energy and capacity savings for each approved Utah DSM program and find it sufficiently addresses the Office's recommendation.

We recognize the Office's concern about the need to determine whether forecasted DSM acquisition targets correspond to forecasted IRP DSM targets given the IRP's projected short-run resource deficits, as this is reflective of our desire to determine if projected DSM acquisitions align with the Company's IRP goals. We therefore adopt the Office's recommendation and direct the Company, in future semi-annual DSM report filings, to report capacity and energy savings targets in comparison to DSM targets included in the most recent IRP. The Company shall also explain factors leading to deviations from the IRP targets and, when such deviations result in a forecasted amount which is lower than IRP targeted savings, the

Company shall explain its contingency plans for acquiring replacement resources. We find this recommendation will help parties to better gauge the reasonableness of future Report forecasts and is consistent with the reporting requirements identified in our August 2009 Order.

As noted above, for each Utah DSM program, UCE/SWEEP recommends the Commission direct the Company to include additional information regarding net and gross DSM savings amounts, both at the customer and generator level, in all future semi-annual reports. UCE/SWEEP also recommends the Company include planned budget and anticipated expenditure information for each Utah DSM program. For those programs for which the anticipated budget is less than the planned budget, UCE/SWEEP requests that the Commission require an explanation of why the Company is likely to be under budget and what steps if any the Company is taking to increase program participation in the future.

Our August 2009 Order includes two requirements pertaining to the Report. First, the Company is directed to provide semi-annual DSM deferred account analyses. Second, the Company is required to provide an annual forecast of expenditures for approved DSM programs and their acquisition targets for each calendar year along with an additional notice if expenditures for any demand-side management programs reach 90 percent of their forecast level prior to December 1st of that year. Since the UCE/SWEEP recommendations require additional detailed analyses on a program-level basis, we find such recommendations to be beyond the scope of the August 2009 Order requirements and therefore decline to adopt these recommendations. Rather, we find UCE/SWEEP's recommendations would be more appropriately considered within the context of both the DSM Advisory Committee and in the forthcoming filing of the Company's Annual DSM report. In the Annual DSM report filing, the

Company performs detailed performance reviews of each approved Utah DSM program using analytical approaches similar in scope to the proposed UCE/SWEEP recommendations. We find this a more appropriate venue for considering such specific recommendations.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The Company's forecast of DSM program expenditures and acquisition targets for calendar year 2012, including its reported actual balancing account results for calendar year 2011 through September, 2011, is hereby acknowledged as compliant with the requirements of our August 25, 2009, Order in Docket No. 09-035-T08.

2. Within 30 days of this filing, the Company shall prepare a supplementary filing which includes an explanation of how the calendar year 2012 projected savings, in both megawatts and megawatt hours, for each Utah DSM program listed in the Report's Attachment A can be reconciled with corresponding targets in the 2011 IRP Preferred Portfolio for calendar year 2012.

3. The Company, in future semi-annual DSM report filings, and for all approved Utah DSM programs, shall report capacity and energy savings targets for such programs in comparison to Utah DSM program targets included in the most recent IRP. The Company shall also explain factors leading to deviations from the IRP targets and, when such deviations result in a forecasted amount which is lower than IRP targeted savings, the Company shall explain its plans for acquiring replacement resources.

DATED at Salt Lake City, Utah, this 21st day of December, 2011.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
D#212680