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To: The Public Service Commission of Utah

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Date: February 2, 2012

Subject: Docket No. 10-035-57, DSM Semi-Annual Forecast Report

### Background

On November 1, 2011, the Company filed its semi-annual Utah DSM Forecast Report and Balancing Account Analysis with the Public Service Commission ("Commission"). The Commission has requested additional information several times in this case. Most recently, on December 21, 2011, the Commission ordered the Company to prepare a supplemental filing explaining how 2012 projected savings in MW and MWh for each Utah DSM program correspond with targets in the 2011 Preferred Portfolio for the 2012 calendar year. On January 11, 2012, the Company filed Supplemental Attachment 1 (the "Supplement") to address the December 21 Commission order.

### Discussion

The Supplement added the IRP targets for comparison purposes as ordered by the Commission. The Company explained how the forecasts in the Supplement relate to the 2012 IRP targets in its cover letter. The Office believes that the Company's explanation is sufficient for forecasting purposes at this time<sup>1</sup>. and recommends two refinements for future filings.

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<sup>1</sup> The Office continues to assert that more specific numbers should be made available in the after-the-fact review, as noted in our recent memo in Docket 10-035-74.

The Irrigation Load Control program forecast should be clearly explained. Attachment A describes the total MW of participation forecast. Since not all irrigation program load will be participating at the time of peak, there is a higher MW level of total participation necessary in order to achieve the peak reduction estimated in the IRP. The Office recommends that both numbers be reported to clearly communicate the forecast and the relationship between these numbers.

The Company stated that a direct reconciliation between Class 2 DSM savings and the 2011 Preferred Portfolio for 2012 is not available because Class 2 DSM programs are modeled into supply curves within the IRP model. These supply curves are compared with other supply-side alternatives for selection in the IRP model. Deriving program MW contributions would be difficult since the supply curves are based on end-use measures rather than specific programs. For this reason, the Company uses an energy to capacity factor to calculate Class 2 DSM program capacity contribution. While the Office understands this complication, to the extent that Class 2 DSM is relied on for capacity contributions in the IRP, the Company needs to be able to forecast and report the numbers in the context of system peak or describe the manner in which capacity contributions are modeled and measured. The Office will further pursue this issue in the next IRP as well as subsequent DSM forecasts.

### Recommendation

The Office recommends the following:

1. The Commission should order the Company to report savings estimates for the Irrigation Load Control program both in terms of total program participation and contribution to peak in its forecast in future filings.
2. To the extent that Class 2 DSM is relied on for capacity contributions in the IRP, the Company needs to be able to forecast and report the numbers in the context of system peak or describe the manner in which capacity contributions are modeled and measured. In future filings, the Company should improve its explanations of how forecast DSM resources specifically relate to resources identified in the IRP.