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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services
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Division of Public Utilities
Chris Parker, Director
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Date: December 21, 2012

Subject: Docket No. 10-035-57, DSM Reports pursuant to Commission order in Docket No. 09-035-T08

Background

On November 1, 2012, Rocky Mountain Power (“Company”) filed its semi-annual Utah Balancing Account Analysis Report (“Balancing Account Report”) with its Utah DSM 2013 Projected Savings Report (“Projected Savings Report”) with the Public Service Commission (“Commission”). On November 26, the Company informed the DSM Steering Committee of an error to the initial balancing account analysis filing. The Company filed an update on November 28 to correct the balancing account analysis for several large expenses which had been accrued in program costs as of September 2012. On December 4, the DSM Steering Committee met to discuss the update and how to manage the balance in the balancing account.

Discussion

The DSM Balancing Account Analysis Report

The initial filing estimated a balance of \$10.62 million at the end of 2013. Subsequent to the initial filing the Company discovered an error and filed an update with corrections. In the updated filing, the projected balance increased from approximately \$4.29 million to

\$9.65 million at the end of 2012; the 2013 year end projection increased from \$10.62 million to \$17.75 million.

At a December 4 meeting, the Steering Committee agreed to return money to customers by using the surcredit to reduce the balance in the DSM balancing account. The surcredit allows the DSM collection rate to remain unchanged while crediting customers back for over collected DSM funds. The current surcredit would be extended to the end of 2013 with the goal of bringing the DSM account balance to \$6.0 million. The surcredit results in reducing customer bills during 2013. The DSM Steering Committee will monitor the balance to ensure that this surcredit rate should be maintained over the next year. The Office participated in these discussions and supports the use of the surcredit to reduce the DSM balancing account at this time.

The Projected Savings Report

Last year, in docket 10-035-57, the Commission issued an action request to the Utah Division of Public Utilities ("Division") to review the semi-annual Balancing Account Report. Included with the Balancing Account Report was the Projected Savings Report. As a follow up to the original action request, the Commission asked the Division to provide a recommendation on the forecast of expenditures for approved programs and their acquisition targets (in MWh and MW) in relationship to the DSM targets in the Company's 2011 IRP. The Office reviewed the Projected Savings Report and made recommendations to the Commission in last year's 10-035-57 docket. The Commission ordered in its December 21, 2011 Order ("Order") for Docket 10-035-57 the following:

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.

The Office notes that the Company did not comply with the Commission's Order in two respects.

First, in this filing, the Company did not include in the annual forecast the comparison information with the current IRP as ordered by the Commission nor did the Company explain if there were any deviations from the current IRP targets. The Office notes that the information is missing without explanation for its omission and recommends that the Commission order the Company to include the information to be in compliance with its previous order.

The second issue relates to the Irrigation Load Control Program forecast. In its February 10, 2012 correspondence with the Company, the Commission reiterated its order as follows:

OCS recommends the Commission direct the Company to refine these forecasts by reporting savings estimates for the DSM Irrigation Load Control program both in terms of total program participation and contribution to peak in future filings. *The Commission agrees with this recommendation and directs the Company to incorporate this information in future filings.* (Italics added)

The Irrigation Load Control program forecast does not comply with the Commission's order. Attachment A describes the total MW of participation forecast, but does not provide estimates in terms of contribution to peak. 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 the Commission require the Company to comply with the Commission's order to report savings estimates in terms of both total program participation and contribution to peak in the Projected Savings Report.

Recommendation

The Office recommends the Commission require the Company to re-file its report to comply with previous Commission orders. The updated filing should include the following:

1. Include current IRP MW and MWh forecast measures for 2013.
2. Explicitly report if there are or are not deviations from current IRP targets. If such deviations exist, explain the factors for such deviations.
3. Report savings estimates for the DSM Irrigation Load Control program in both in terms of total program participation and contribution to peak.