

December 9, 2010

***VIA ELECTRONIC FILING
AND HAND DELIVERY***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Advice No. 10-13
Schedule 193 – Demand Side Management (DSM) Cost Adjustment

Enclosed for filing are an original and two copies of proposed tariff sheets associated with Tariff P.S.C.U No. 47 of PacifiCorp, d.b.a Rocky Mountain Power, applicable to electric service in the State of Utah. Pursuant to the requirement of Rule R746-405D, Rocky Mountain Power (the “Company”) states that the proposed tariff sheets do not constitute a violation of state law or Commission rule. The Company will also provide an electronic version of this filing to psc@utah.gov. The Company respectfully requests an effective date of January 1, 2011 for these changes.

Seventh Revision of Sheet No. 193.2 Schedule 193 Demand Side Management
(DSM) Cost Adjustment

The purpose of this filing is to propose a reduction to the Schedule 193 (the “DSM Tariff Rider”) collection rate. At current rates, it is expected that the DSM Tariff Rider will collect approximately \$70.5 million during the twelve months ended December 2011. The Company proposes through this filing to set Schedule 193 rates at a level that will collect approximately \$57.0 million during the same time period; a reduction of \$13.5 million, or 19.1 percent to Schedule 193. The current DSM Tariff Rider is approximately 4.6 percent of customer bills; the Company’s proposal will reduce the collection rate to approximately 3.7 percent of customer bills. The average residential customer using 790 kWh per month will see a \$0.62 reduction, or 0.83 percent, in their monthly bills.

Consistent with statements made by the Company in filings submitted in Docket No. 10-035-57¹ and in order to align this price change with other price changes scheduled for implementation in 2011, Rocky Mountain Power is requesting an effective date of January 1, 2011 for the revised DSM Tariff Rider collection rate. The Company understands this is an expedited request; however, the Company believes the request for expedited treatment is warranted in this instance.

¹ Refer to filings made on April 29, 2010, September 30, 2010 and November 1, 2010.

In Docket No. 09-035-T08, Rocky Mountain Power filed to increase the DSM Tariff Rider collection rate from approximately 2.1 percent of customer bills to 6.2 percent. The proposed increase was intended to raise sufficient DSM Tariff Rider revenues to cover the ongoing expenditures of the Utah DSM portfolio and to recover over a period of 12 months a large uncollected balance² which had accrued in the Utah DSM balancing account. On August 3, 2009, parties in that docket filed a stipulation (“Stipulation”) with the Commission which, among other items, recommended to the Commission that the DSM Tariff Rider be adjusted to an average collection rate of 4.6 percent. This rate was designed to collect ongoing DSM expenditures and to recover the deferred balance in the Utah DSM balancing account over a period of 24 months. On August 25, 2009, the Commission issued an order in Docket No. 09-035-T08 approving the Stipulation and recommended increase to Schedule 193, which took effect September 1, 2009.

In the Stipulation, parties agreed that the balance in the Utah DSM balancing account as of September 1, 2009³ would be collected from customers over a period of approximately 24 months, ending approximately in August 2011. To monitor the progress of the amortization of the balance in the deferred account, the Stipulation calls for the Company to provide a DSM balancing account analysis to the Commission at six month intervals. The Company has provided such analyses on November 2, 2009, April 29, 2010, September 30, 2010 and November 1, 2010.

The three most recent analyses have indicated that, at the current collection rate, the Company expects the deferred account would reflect a balance owing to customers as of August 2011. Provided as Exhibit A is the Company’s current balancing account analysis which reflects actual results through October 31, 2010 and projects DSM expenditures and Schedule 193 revenues at current rates through December 2011. As illustrated in Exhibit A, at current portfolio expenditure forecasts and Schedule 193 revenue projections, the deferred account is projected to reflect a balance of \$15.9 million owing to customers as of August 2011.

To address this issue and to treat the amortization of the balance in the Utah DSM deferred account consistent with the terms of the Stipulation, Rocky Mountain Power is proposing to reduce revenues collected through Schedule 193 to approximately \$57.0 million in 2011. Provided as Exhibit B is a balancing account analysis which reflects current projected expenditures and the Company’s proposed level of Schedule 193 revenues in 2011.⁴ As shown in Exhibit B, at the Company’s proposed level of Schedule 193 revenue in 2011, the balance in the deferred account is projected to reflect a \$6.2 million balance owing to customers as of August 2011 and for all intents and purposes, be in balance at December 2011. Exhibit C provides program level detail of forecasted expenditures.

The Company acknowledges that its proposal projects a balance owing to customers in the deferred account as of August 2011, the month by which the deferred account was targeted to be

² At the time of filing Advice No. 09-08, the balance in the Utah deferred account was approximately \$16.6 million.

³ The balance in the Utah DSM deferred account as of September 1, 2009 was approximately \$25.7 million.

⁴ Schedule 193 revenue of \$53.3 million shown for 2011 in Exhibit B is net of self-direction credits. As noted previously, the Company is proposing that the DSM Tariff Rider rate be set to collect \$57.0 million in gross Schedule 193 revenues in 2011.

brought in to balance in the Stipulation. The Company's proposal considers the increased expenditures that are expected to occur in the fourth quarter of 2011. Portfolio expenditures are typically highest in the fourth quarter of a calendar year as load control credits are paid to participating customers and as customers are completing their energy efficiency projects. If a lower collection rate is set with the intent of bringing the deferred account into balance by August 2011, it is possible that an increase to the DSM Tariff Rider would be necessary shortly thereafter to cover the increase in portfolio expenditures projected for the fourth quarter of 2011. The Company's proposal is intended to balance the objectives of bringing the deferred account into balance in accordance with the terms of the Stipulation while minimizing the number of rate adjustments to Schedule 193

Exhibit D illustrates the revenue impact of the Company's proposal by customer rate schedule. Exhibit E details the development of the proposed rates by customer rate schedule.

In accordance with Section 54-7-12.8(3)(a)-(c) of the Utah Code, Rocky Mountain Power circulated a draft of this filing with the Division of Public Utilities, the Office of Consumer Services and other members of the Demand-Side Management Advisory Group prior to submitting this filing with the Commission.

Communications regarding this filing should be addressed to:

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In addition, Rocky Mountain Power respectfully requests that all data requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

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Public Service Commission of Utah

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Informal inquiries may be directed to Aaron Lively, regulatory manager, at (801) 220-4501.

Sincerely,

Jeffrey K. Larsen

Vice President, Regulation

cc: Division of Public Utilities
Office of Consumer Services
Utah DSM Advisory Group

Enclosures