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Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Investigation into)	
Extending and Expanding the Solar)	DOCKET NO. 11-035-104
Incentive Program and Possible)	
Development of an Ongoing Program)	Application

**APPLICATION OF ROCKY MOUNTAIN POWER
FOR APPROVAL OF A SOLAR INCENTIVE PROGRAM**

Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power” or the “Company”), hereby requests an Order from the Public Service Commission of Utah (“Commission”) authorizing the Company to implement a new Solar Incentive Program (“Program”) and approving the proposed Schedule 107, Solar Incentive Program, and Schedule 195, Solar Incentive Plan Cost Adjustment, attached hereto as Exhibit A and Exhibit B, respectively. The Company requests an effective date of October 12, 2012. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp. PacifiCorp is an Oregon corporation that provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington. Rocky

Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 824,000 customers in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111.

2. Rocky Mountain Power files this Application pursuant to Rule R746-404 of the Public Service Commission of Utah, under which the Company is required to file an application for approval of promotional programs 30 days before they are to be put into effect.

3. Communications regarding this Application should be addressed to:

David L. Taylor
Manager, Regulatory Affairs
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
Telephone: (801) 220-22923
E-mail: dave.taylor@pacificorp.com

Yvonne R. Hogle, Senior Counsel
Rocky Mountain Power
201 South Main Street, Suite 2300
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In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

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

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Dave Taylor at (801) 220-2923.

Background

4. On August 3, 2007, the Commission issued, in Docket No. 07-035-T14, an Order approving Schedule No. 107 – Solar Incentive Program. The program was a five-year pilot program providing customer incentives to those customers who purchase and install solar photovoltaic systems. The five-year pilot program was for the 2007-2011 time period.

5. In a July 7, 2011 Order, the Commission opened an investigative docket (Docket No. 11-035-104) and directed the Division of Public Utilities (“Division”) to organize and lead a workgroup to investigate extending and expanding the Solar Incentive Program and, if appropriate, design an ongoing program designed to be cost-effective.

6. On December 21, 2011, the Commission approved an extension and expansion of the Solar Incentive Program for one year and directed the Division, pursuant to its recommendation, to organize and lead a workgroup to investigate extending and expanding the Program.

7. At the direction of the Commission, Rocky Mountain Power, the Division, the Office of Consumer Services, Utah Clean Energy, and other interested parties have participated in workgroup meetings to investigate extending and expanding the Program. Based upon the input, analysis, and recommendations of the workgroup participants, the Company recommends the Commission approve a new Solar Incentive Program and cost adjustment as proposed in Schedule 107 and 195, effective October 12, 2012, coincident

with the rate-effective date of the rate change resulting from Rocky Mountain Power's current general rate case (Docket No. 11-035-200).

Program Description

8. The Program is intended to promote the installation of solar photovoltaic ("PV") electric generation equipment by customers designed to offset electricity usage on the project site. Through the Program the Company will pay customers a rebate incentive upon completion, inspection and interconnection of approved PV projects. The Program is designed to provide approximately \$50 million in incentives over the life of the Program.

9. The Program is a five-year program running through the end of calendar year 2017. Performance-based incentives for larger customers will be paid in five annual installments with the installments for the last year of the program being paid for through the end of 2021. The first program year will run from the date of inception to December 31, 2013. Applications for participation in the first program year will be accepted beginning in January 2013. Each program year thereafter will be on a calendar year basis.

10. The Program includes the following program sectors: Residential (up to 4 kW systems), Small Non-Residential (up to 25 kW systems), and Large Non-Residential (25-1,000 kW systems). For the Residential and Small Non-Residential components, Program payouts will consist of a single incentive payment at the time of project completion. For the Large Non-Residential Sector, the payout period for projects will extend over five annual installment payments with a 6.0% interest rate. Annual installment payments will be conditioned upon PV system performance requirements as detailed in Schedule 107. A table showing the annual program capacity, per installed watt

incentive payment level, annual maximum program incentive by sector and total program annual incentive payments is attached hereto as Exhibit C.

11. Customers wishing to participate in the Program will submit an application and a lottery process will be used to accept applications across all program sectors. If the available capacity for the program year is over-subscribed additional applicants will be placed on a waiting list in the order selected by the lottery process. If available capacity for the program year is not fully subscribed after the lottery process, additional applications will be accepted on a first come, first served basis. Based on their positions in the lottery queue and dependent on remaining available capacity, customers will receive capacity reservations from the Company. Unsubscribed program sector-specific funds in any program year will roll over to the next program year. Details of the application and lottery process are contained in Schedule 107.

12. Customers in receipt of a capacity reservation are required to submit a deposit to secure their capacity reservation, based on the size of the proposed project. The deposit amount is the greater of \$100 or \$20 per kW. After interconnection, the application deposit will be refunded to the customer within 60 days. If the project does not complete interconnection within the appropriate timeline, the capacity reservation will expire and the application deposit will be forfeit.

13. Residential and Small Non-Residential Systems will have 12 months from the customer's receipt of capacity reservation to interconnect to the Company's distribution system. Due to added complexity, Large Non-Residential Systems will have 18 months from customer's receipt of capacity reservation to interconnect to the Company's distribution or transmission system.

14. Incentives for Residential and Small Non-Residential projects and the first incentive installment for Large Non- Residential projects will be paid within 60 days of the receipt of an approved incentive claim form submitted after the project is interconnected.

Demand Side Management

15. Program participants on Residential Service Schedules 1, 2, 3, and 25, and Non- Residential Service Schedules 6, 6A, 6B, 8, 9, and 23 that are eligible to participate in the Company's Cool Keeper program are required to participate in the Company's Cool Keeper program in order to be eligible to receive an incentive under this schedule.

Renewable Energy Certificates

16. The renewable energy attributes or Renewable Energy Certificates ("RECs") generated by systems that receive an incentive will be split proportionally between the system owner and Rocky Mountain Power ratepayers that are providing the incentive. The RECs generated from the program will be used to comply with the renewable resource requirements included in SB 202. Due to the administrative complexity and expense of registering the small distributed generation facilities through WREGIS and uncertainty surrounding the implementation of the SB 202 requirements, Rocky Mountain Power will be credited a fixed REC contribution equal to 0.28 MWh per incentivized kW per year for 20 years. The system owner will retain ownership of any RECs over and above that quantity. If the system owner registers the facility with WREGIS or a regional or federal trading system or trading program, the facility owner registering the facility will be required to transfer the corresponding quantity of RECs to the Company. Should a new process be developed for issuance of RECs under SB 202,

Rocky Mountain Power will reevaluate how RECs are issued and distributed. Participants receiving an incentive through the Program will be required to provide information to the Company as requested. The Company will track the renewable generation associated with the Program.

Cost Effectiveness

17. Cost effectiveness of the Program compares very favorably to current demand side management and energy efficiency programs. Using cost effectiveness analyses similar to those used for demand side management and energy efficiency programs, the Newt Program delivers a Utility Cost Test benefit to cost ratio of 1.75. The CADMUS cost effectiveness report for the program is attached hereto as Exhibit D.

Cost Recovery

18. Administrative costs for the Program are not anticipated to be greater than 10% of the total incentive cost over the term of the program.

19. Program costs and revenues will be tracked in a balancing account, and the balancing account will include a 6% annual (0.5% per month) carrying charge on the unamortized account balance. Projected annual Program costs, revenues, carrying charges, and deferred account balances are attached hereto as Exhibit E.

20. Program costs are in addition to Rocky Mountain Power's revenue requirement. Annual revenues will be spread on an equal percent basis to all electric service schedules. Each schedule's allocated share of revenue will be collected as a per kWh charge through Schedule 195, Solar Incentive Plan Cost Adjustment. Revenues collected through Schedule 195 will not be called out in a separate line item on customer bills. Rather, customer bills will be displayed and calculated with the Schedule 195 per

kWh charges added to the energy charges of the customer's applicable schedule. The rate spread and rate design calculation of Schedule 195 is attached hereto as Exhibit F.

21. Recovery of Program costs through Schedule 195 is to begin on the effective date of this program and continue for approximately a nine year period until all approved program costs have been recovered from customers. Schedule 195 rates will be reviewed and modified concurrent with general rate case and at other times as necessary over the term of the Program.

Program Review

22. **Annual Program Report.** The Company will file an annual report for each program year by June 1 of the following year. The Company may propose adjustments to Program parameters to account for, among other things, possible needed changes in the incentive structure and effects of fluctuations in demand. Any program adjustments will need to be approved by the Commission and announced by October 31 preceding the start of the program year during which the adjustment will be implemented.

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WHEREFORE, Rocky Mountain Power respectfully requests an order approving the following with an effective date of October 12, 2012:

- (1) The proposed Solar Incentive Program
- (2) Schedule 107, Solar Incentive Program
- (3) Schedule 195, Solar Incentive Plan Cost Adjustment

DATED: August 10, 2012.

Respectfully submitted,

Mark C. Moench
Attorney for Rocky Mountain Power