



201 South Main, Suite 2300  
Salt Lake City, Utah 84111

July 14, 2011

**VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY**

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

Attention: Julie P. Orchard  
Commission Secretary

Re: In the Matter of the Application of Rocky Mountain Power for A Deferred Accounting Order to Defer the Costs of an Energy Storage Demonstration Project and Recovery of those Costs Through the Demand-Side Management Surcharge (Schedule 193)

Rocky Mountain Power (the "Company") hereby submits for filing with the Public Service Commission of Utah (the "Commission") an original and five (5) copies of its Application for an Order approving the deferral of costs incurred by the Company for an energy storage demonstration project and recovery of those costs through the demand-side management surcharge, which is administered through Schedule 193.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this Application be addressed to the following:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
[aaron.lively@pacificorp.com](mailto:aaron.lively@pacificorp.com)

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

Informal inquiries regarding this Application may be directed towards Aaron Lively, regulatory manager, at (801) 220-4501.

Sincerely,

Jeffrey K. Larsen  
Vice President, Regulation  
Enclosure

cc: Division of Public Utilities  
Office of Consumer Services

Daniel E. Solander (11467)  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
Telephone No. (801) 220-4014  
Facsimile No. (801) 220-3299  
[daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

*Attorney for Rocky Mountain Power*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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| In the Matter of the Application of Rocky Mountain Power, a Division of PacifiCorp, for a Deferred Accounting Order To Defer the Costs of an Energy Storage Demonstration Project and Recovery of those Costs Through the Demand-Side Management Surcharge (Schedule 193) | ) | )                               | ) |
|   | ) | DOCKET NO. 11-035- _____        | ) |
|   | ) | <b>APPLICATION FOR DEFERRED</b> | ) |
|   | ) | <b>ACCOUNTING ORDER</b>         | ) |
|   | ) |                                 | ) |
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Pursuant to Utah Code Ann. §54-4-1, §54-4-23 and §54-7-12.8, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) applies to the Public Service Commission of Utah (“Commission”) for an Order approving the deferral of costs incurred by the Company for an energy storage demonstration project and recovery of those costs through the demand-side management surcharge, which is administered through Schedule 193.

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 800,000

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 Utah Code Ann. §54-4-1, which gives the Commission general jurisdiction to regulate public utilities in the state of Utah, Utah Code Ann. §54-4-23, which authorizes the Commission to prescribe the accounting to be used by any public utility subject to its jurisdiction and Utah Code Ann. §54-7-12.8, which authorizes the Commission to allow for the recovery of costs associated with programs that promote the more efficient management of electric energy loads through a line item charge on customers' bills; this charge has been established as the demand-side management surcharge administered through Schedule 193.

3. Communications regarding this Application should be addressed to:

Aaron R. Lively  
Regulatory Manager  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-4501  
E-mail: [aaron.lively@pacificorp.com](mailto:aaron.lively@pacificorp.com)

Daniel E. Solander  
Senior Counsel  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-4014  
E-mail: [daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

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

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)  
[aaron.lively@pacificorp.com](mailto:aaron.lively@pacificorp.com)

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

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

4. On September 30, 2010, Rocky Mountain Power filed under Docket No. 07-035-T14 its three year assessment of the Solar Incentive Program, which is administered through Schedule 107. This assessment was filed in compliance with the Commission's order in the same docket dated August 3, 2007; the Solar Incentive Program was originally approved through this order. In the three year assessment, the Company proposed to terminate the Solar Incentive Program after the 2010 program year and to direct program monies included in base rates to fund an energy storage demonstration project (the "Demonstration Project").

5. The Company stated the Demonstration Project, which utilizes electro-mechanical battery (flywheel) storage technology, is expected to provide information on battery storage technology within the context of a utility-scale electrical system and the impact of such storage systems on the electrical grid. The purpose of the Demonstration Project, as explained by the Company, is to demonstrate the feasibility of an electro-mechanical battery to store electrical energy, including electricity generated from renewable sources, and dispatch the energy to the grid as the system requires. The Company further stated that the Demonstration Project could enhance the viability of intermittent renewable generation resources by ensuring the generation from such facilities is available for dispatch during periods of peak demand. Rocky Mountain Power expressed its desire to further explain the Demonstration Project to the Commission and other interested parties.

6. On October 26, 2010, the Commission noticed a technical conference to be held on November 4, 2010, the purpose of which was to discuss the electro-mechanical battery storage technology and the Company's proposal concerning the Demonstration Project. On November 4, 2010, Rocky Mountain Power and EMB Energy Incorporated ("EMB Energy") participated in this technical conference by delivering a presentation on the electro-mechanical battery storage technology and the Company's proposal to fund the Demonstration Project to assess the feasibility and impact of implementing battery storage systems within a utility-scale electrical grid. The technical conference was attended by members of the Commission, Commission staff, the Division of Public Utilities (the "Division"), the Office of Consumer Services (the "Office") and other interested parties.

7. Subsequent to the technical conference, several parties (including the Division and Office) filed comments in Docket No. 07-035-T14 with the Commission in response to the Company's three year assessment of the Solar Incentive Program and the proposed energy storage Demonstration Project. Concerning the Company's proposal to terminate the Solar Incentive Program after the 2010 program year, parties were nearly unanimous in recommending the program continue through its original five year term ending in 2011. Parties also expressed through comments nearly unanimous support for the energy storage Demonstration Project. The majority of parties argued that the Solar Incentive Program should continue through 2011 and that the Company be allowed to proceed with the Demonstration Project.

8. In response to the comments of parties, Rocky Mountain Power filed comments in Docket No. 07-035-T14 on December 13, 2010, stating the Company was agreeable to continuing the Solar Incentive Program through the 2011 program year. Through its comments, the Company also requested approval to defer costs associated with the Demonstration Project

and to recover those costs through the demand-side management surcharge. Rocky Mountain Power stated the proposed budget for the Demonstration Project is \$625,000. On February 10, 2011, the Commission issued an order on three year assessment of the Solar Incentive Program directing, among other items, that the Solar Incentive Program continue through program year 2011 and commending the Company for its participation in the Demonstration Project. The Commission's order did not, however, grant approval for the Company to defer costs associated with the Demonstration Project for recovery through the demand-side management tariff rider.

9. Through this Application, Rocky Mountain Power is requesting approval to defer costs associated with the Demonstration Project in the Company's Utah demand-side management deferred account and to recover those costs through the Schedule 193 demand-side management surcharge. The Company's commitment to the Demonstration Project is \$625,000, if approved by the Commission. Utah Code Ann. §54-7-12.8 authorizes the Commission to allow for the recovery of such costs through the demand-side management surcharge. Inclusion of these costs in the demand-side management surcharge is not expected to materially impact the balance in the Utah demand-side management deferred account or result in an adjustment to the Schedule 193 rates.

10. On April 29, 2011, Rocky Mountain Power filed a demand-side management deferred account analysis projecting results through December 2011.<sup>1</sup> This analysis projected a \$3.3 million balance owing to customers in the deferred account as of December 2011 and total demand-side management expenditures in 2011 in the amount of \$49.4 million. The expected cost of the Demonstration Project is approximately 1.3 percent of the projected demand-side management program expenditures in 2011. In addition, expenditures incurred in 2011 for the Demonstration Project that are recovered through the demand-side management surcharge will

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<sup>1</sup> This report was filed in compliance with the Commission's August 25, 2009 order in Docket No. 09-035-T08.

reduce the projected balance owing to customers as of December 2011. For these reasons, Rocky Mountain Power asserts the impact of including the costs of the Demonstration Project in the demand-side management deferred account for recovery through the demand-side management surcharge is not material.

11. Rocky Mountain Power will partner with EMB Energy to develop the Demonstration Project. EMB Energy is a special-purpose company that was formed in May 2010 to accelerate the development of advanced bulk electric energy storage technology developed at the U.S. Department of Energy's Lawrence Livermore National Laboratory. The Demonstration Project is expected to exhibit the economic and technical viability of a utility-scale (~25 MW) electro-mechanical battery storage project.

12. Rocky Mountain Power believes that the development of utility-scale energy storage projects is crucial to improving the economic viability of renewable generation resources, and in particular, solar generation resources. Utility-scale energy storage projects would enable electric energy generated from renewable resources to be stored and dispatched as needed to meet electrical system requirements. Without energy storage capabilities, generation from intermittent renewable energy resources is delivered to the grid at the time it is generated, which may or may not correspond with electrical system requirements. With energy storage capabilities, the large scale deployment of central and distributed generation from intermittent renewable resources becomes more feasible. In addition to enhancing the viability of intermittent renewable generation resources, the objective of the Demonstration Project is to exhibit that when properly deployed, utility scale applications of electro-mechanical battery storage projects afford alternatives to transmission system expansion and contribute to system-wide improvement of grid reliability, power quality and customer service.

For these reasons, Rocky Mountain Power believes that funding the Demonstration Project through the demand-side management surcharge with is prudent and is in the public interest.

WHEREFORE, Rocky Mountain Power respectfully requests that in accordance with Utah Code Ann. §54-4-1, §54-4-23 and §54-7-12.8, the Commission issue an Order authorizing the Company to defer the costs incurred for the Demonstration Project up to a total of \$625,000 as described in this Application and recovery of those costs through the demand-side management surcharge, which is administered through Schedule 193.

DATED this 14<sup>th</sup> day of July, 2011.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel Solander", with a horizontal line underneath the signature.

Daniel E. Solander  
Attorney for Rocky Mountain Power