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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Sam Liu, Utility Analyst
Thomas Brill, Technical Consultant

Date: October 13, 2011

Re: Docket No. 11-035-74 – Addendum filing of Utah Demand-Side Management (DSM) Annual Report for 2010

RECOMMENDATION (Non-Acknowledgement)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) not acknowledge Rocky Mountain Power's (RMP or the Company) Addendum filing of the Utah Demand-Side Management (DSM) Annual Report for 2010, as complying with the Commission Order of July 14, 2011 in Docket No. 11-035-74.

ISSUE

Rocky Mountain Power filed on April 7, 2011 its DSM Annual Report for 2010 (2010 DSM Annual Report). The Division and the Office of Consumer Services (Office) provided comments on the 2010 Report to the Commission on May 12, 2011. In its July 14, 2011 Order, the Commission acknowledged the 2010 Report, and directed the Company to provide an Addendum filing clarifying specific report elements. The Company submitted a revised 2010 DSM Annual Report on September 12, 2011. On September 15, 2011, the Commission issued an Action Request for the Division to provide comments on the addendum filing of the 2010

Report. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

In its Order in Docket No. 09-035-27, dated October 7, 2009, the Commission directed the Company to file the DSM Annual Report by March 31 of each year. On December 21, 2009, the Commission issued another Order in the same Docket approving the Company's proposed content and format of the DSM Annual Report with some modifications.

On April 7, 2011, the Company filed its 2010 DSM Annual Report as complying with Commission Order in Docket 09-035-27. The Division and the Office provided comments on the Report to the Commission on May 12, 2011. On July 14, 2011, the Commission issued an Order in Docket No. 11-035-74 to direct the Company to provide an addendum filing clarifying specific report elements. Specifically, the Commission directed that the Company:

- **Clearly state for each program and measure whether all reported savings are ex-ante or ex-post.** In its revised report the Company accomplished this by adding language such as "Reported savings for the program utilize ex-ante savings for 2010, informed by the program's measurement and verification results from the prior year's control season," or "Reported savings for the program utilize ex-ante savings for 2010, with deemed savings adjusted from prior year's evaluation and/or other relevant studies" at the end of the Cost Effectiveness section for the appropriate programs.
- **Explicitly and clearly state whether the reported megawatt savings from energy efficiency programs, as summarized in Report Tables 1 and 2, occur at the time of system peak or to otherwise explain how the megawatt savings values are determined.** The Company in its revised report only included a parenthetical comment in footnote 1 of Table 1, page 5, that stated that "all participating air conditioners and irrigation pumps were operating." Then it reproduced the Table 1 footnote on Table 2, page 6 as footnote 3, with the additional comment that stated "Total Load Management availability of system peak: To achieve this level of reduction, both load management programs would have to be dispatched at the precise point in time when temperature and

load conditions were at their highest point (all participating air conditioners and irrigation pumps were operating) and assumes all energy efficiency savings had been achieved for the year prior to that point in time.” The Division believes this explanation does not fully address the direction in the Commission’s Order.

- **Report more accurately and clearly on cost effectiveness results to avoid confusion.**
The 2010 Report shows a Utility Cost test result for 2010 Energy Star New Homes program of 0.918, a value less than the minimum cost effectiveness threshold of 1.0. In the Addendum filing, the Company changed the language to “The portfolio and programs were cost effective with a UCT benefit/cost ratio of more than 1.0, excluding Energy Star New Homes.” This language states more accurately and clearly the cost effectiveness summary.

The Division concludes that the Company’s current filing is not fully in compliance with the Commission Order of July 14, 2011. In the second bullet point issue the Commission directed the Company to explicitly and clearly state whether the reported megawatts savings from energy efficiency programs and load management programs occurs at the time of system peak or to state otherwise how the megawatt savings values are determined. The Company in its addendum report simply added a parenthetical note of “all participating air conditioners and irrigation pumps were operating” in footnote 1 of Table 1, and duplicated the statement from footnote 1 to create a new footnote 3 on Table 2. The Division does not believe that the additional language makes any clearer the valuation basis in the referenced Tables. Therefore, the Division recommends that at this time the Commission not acknowledge the Company’s current Addendum filing of Rocky Mountain Power’s Utah Demand-Side Management Annual Report for 2010 until the Company submits corrections to Tables 1 and 2 with complete explanations addressing the Commission’s concern.

CC: Michele Beck, CCS
Dave Taylor, RMP