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Date: June 1, 2011

Subject: Advice No. 11-03, Schedule 114 – Cool Keeper Program Tariff Revisions,
Docket No. 11-035-T03

Background

On March 28, 2011, Rocky Mountain Power (the “Company”) filed proposed tariff sheet revisions for Schedule 114 – Air Conditioner Direct Load Control Program or “Cool Keeper” program (the “Program”). The Company’s stated purpose in filing these modifications is to (1) improve content from an organizational perspective, (2) add clarity to program delivery and participation requirements, and (3) eliminate outdated or program irrelevant language from the tariff. The tariff sheets are changed almost in their entirety to accomplish the three objectives above. On April 19, 2011 the Office submitted Office of Consumer Services (the “Office”) First Data Request for Docket 11-035-T03 (“OCS DR 1”). On April 20, 2011, the Office and Division of Public Utilities (the “Division”) submitted initial comments. In its comments, the Office raised concerns regarding partial use facilities, market conditions warranting system dispatch, program enrollment, incentive decrease communications and rental housing permission. On April 27, 2011, the Public Service Commission of Utah (the “Commission”) ordered a suspension of tariff modification. On May 16, 2011, the Company filed a reply letter (the “Reply”) with revised tariff sheets to respond to comments from the Division and the Office. An action request was issued by the Commission for parties to respond to the Reply by May 24, 2011. In the Reply, the Company requested implementation of the proposed tariff revisions by May 27, 2011. The Company did not respond to OCS DR 1 within 30 days, hence the Office

requested a time extension until two days after the OCS DR 1 responses were received. The Commission granted the extension. The Office received responses to OCS DR 1 on May 26, 2011. June 1st is two working days after the receipt of those responses.

Discussion

The Company provided responses to issues put forth by the Office, both in its response filed with the Commission and in its DR responses received by the Office on May 26. The sections below analyze and comment on the latest revisions by the Company.

Partial Use Facilities – The Company provided an explanation for why defining partial use facilities would be difficult with the conclusion, “[A]ny definition for partial use facilities in the program tariff would require considerable specificity and may not capture all the instances in which the Company might invoke this condition;” In its discussion, the Company puts forth three conceptual definitions for “partial use facilities:”

1. Customers whose qualifying cooling equipment is not expected to operate on a regular basis during the program control season.
2. Any cooling equipment not operating during peak hours in the summer control period.
3. The Company intends to target sites that are not in operation during the high load, weekday, day time hours (2:00 – 8:00 p.m. as defined by the tariff) of the summer control period, i.e. the hours the Company intends to control load through the program. (Otherwise, the site would be considered a partial use facility)

The Company effectively defined “partial use facilities” by stating simply customers not expected to operate on a regular basis during the program control season. The Office recommends that a general definition could be included in the tariff without specifically defining a new “partial use facility” which is the opposition expressed by the Company. A definition such as the following would clarify participation terms, yet allow the Company operational flexibility:

“Customers participate in the program during the summer control period. The summer control period is typically but not limited to high load, day time hours. Customers may be denied participation if they are not regularly operating qualified equipment during the summer control period.”

Including the term “partial use facility” in the tariff raises questions for participants. The Program would be better designed and described if the tariff is revised to incorporate a general definition of participation, which is communicated on its website. Such language would allow customers to make informed decisions based on accurate expectations of the Program.

“Market Conditions Warrant” - The Company seeks to keep the language it proposed in its tariff advice proposed on March 28, 2011, but provided alternative language in its response. The Office supports the substitute language provided by the Company as it accurately describes how the Cool Keeper system operates.

With respect to the Class 1 DSM multi-jurisdictional issues, the Company provided answers regarding how it assigns costs and benefits to Cool Keeper as a system resource within the rate case framework. However, these issues remain unclear and will need further examination in the MSP process.

Call Center Elimination and Program Enrollment Process - The Company proposed language within its response letter. The Office agrees that this language addresses the Office’s concerns regarding the Program enrollment process.

Incentive Decreases – In its response, the Company proposed language to include language notifying customers in writing when incentives decrease. The Office supports the Company’s revisions.

Rental Housing – The Company addressed and clarified how the permission was to be obtained by the Company. The Office recommended that permission should be in writing. The Company’s language indicated that this permission could be either in writing or verbal approval. Since this is a business and risk management decision for the Company, the Office supports the permission language changes proposed by the Company.

Recommendations

The Office supports the Cool Keeper Program and its continuance. The Office recommends that the Commission approve the Company’s revised tariff sheets dated May 16, 2011 with the following changes:

1. Include for clarity the substitute language with respect to rental housing and permission to participate in the Program, as proposed by the Company.
2. Include the language proposed by the Company regarding system operation as follows:
“Company will operate the System to manage peak loads within the Summer Peak Period.”
3. Eliminate the term “partial use facilities” from the tariff revision and revise the language to reflect the Company’s desire to deny participation to those not regularly using their qualifying equipment during the Summer Control Period. An example of such language could be the following:

“Customers participate in the program during the summer control period. The summer control period is typically but not limited to

high load, day time hours. Customers may be denied participation if they are not regularly operating qualified equipment during the summer control period.”