

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of Advice No. 11-13 of Rocky Mountain Power for Approval of Proposed Reduction to the Schedule 193 (the “DSM Surcharge”) Collection Rate Tariff Sheets )  
DOCKET NO. 11-035-T14  
REPORT AND ORDER APPROVING SETTLEMENT STIPULATION  
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ISSUED: February 23, 2012

SYNOPSIS

The Commission approves a settlement stipulation and lowers the Schedule 193 collection rate (DSM Surcharge) from 3.6 percent to 3.2 percent.

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By The Commission:

This matter is before the Commission on the petition (“Petition”) of Utah Clean Energy, Southwest Energy Efficiency Project, and Western Resource Advocates (“Petitioners”) for suspension and investigation of the Schedule 193 rate adjustment presented to the Commission for approval in Rocky Mountain Power’s (“RMP”) Advice No. 11-13, filed November 23, 2011. Schedule 193 implements a surcharge (the “DSM Surcharge”) on customer bills to fund cost effective demand-side management (“DSM”) programs in Utah. In Advice No. 11-13, RMP proposed to reduce the DSM Surcharge collection rate applied to customer bills from the currently effective 3.6 percent to 2.4 percent. This surcharge reduction would have reduced annual DSM Surcharge collections from \$62.6 million at the current rate to \$41.5 million.

Petitioners filed the Petition on December 1, 2011. In it they questioned the appropriateness of reducing the DSM surcharge collection rate and asked the Commission to investigate how it would be possible to increase cost-effective DSM expenditures (and savings) in 2012. Petitioners also asked the Commission to suspend the proposed effective date of the

DSM Surcharge reduction and to establish a schedule for analyzing and resolving the issues addressed in the Petition and in Advice No. 11-13.

In the absence of Commission action, Advice No. 11-13 would have taken effect December 23, 2011. (See Utah Code Ann. § 54-7-12(5).) In order to provide RMP and other parties the customary time to respond to the Petition and to pursue settlement of the issues Petitioners raised, the Commission temporarily suspended Advice No. 11-13 by order dated December 19, 2011.

On December 20, 2011, the Utah Association of Energy Users (“UAE”) submitted a response to the Petition, arguing that regular changes in the amount of the DSM Surcharge are not in the public interest. UAE asserted that a reasonable fixed DSM surcharge should be adopted, so long as amounts collected through the surcharge are used within a reasonable time for new or enhanced DSM programs and incentives that have been shown to be highly cost-effective.

On December 22 and 23, 2011, the Division of Public Utilities (“Division”) and the Office of Consumer Services (“Office”) filed comments recommending the Commission approve RMP’s proposed Schedule 193 DSM Surcharge reduction. Additionally, the Company filed its response to the Petition.

On January 13, 2012, several parties entered into and filed with the Commission a settlement stipulation (“Settlement”) resolving all issues raised in the Petition. The following parties signed and support the Settlement: the Petitioners, RMP, the Division, the Office, and UAE (collectively, the “Parties”).

On January 31, 2012, the Commission held a duly-noticed hearing to examine the terms of the Settlement. At the hearing, the Parties, through witnesses and statements of counsel, asserted the Settlement is just and reasonable in result and requested the Commission to approve it. This request was not opposed. At the conclusion of the hearing, the Commission, through the presiding officer, issued a ruling from the bench approving the Settlement. This Report and Order memorializes that ruling.

Under the Settlement, as approved, effective February 1, 2012, the Company's Schedule 193 DSM Surcharge collection rate is set at 3.2%, a level which will collect approximately \$54.2 million annually (\$49.7 million for the remaining eleven months of 2012). The Company expects this amount to be sufficient to recover its projected expenses associated with existing and planned energy efficiency and load control programs. This rate will be in effect throughout 2012 and should contribute to rate stability beyond 2012 based on current projections. The Parties agree the Schedule 193 DSM Surcharge level may be revisited in the future and adjusted as warranted, for reasons that include the implementation of new cost-effective programs.

The Settlement includes an illustration of the revenue impact of the Settlement by customer rate schedule (see Exhibit A). Exhibit B of the Settlement details the development of the new rates by customer rate schedule. Exhibit C of the Settlement is the revised Sheet No. 193.2, Schedule 193, Demand-side Management (DSM) Cost Adjustment, with a proposed effective date of February 1, 2012. The Settlement provides that the current DSM deferred account balance projected to be \$5 million as of February 1, 2012, will be refunded over a one-

year period through a customer bill sur-credit. The Company will file for approval of the sur-credit by May 1, 2012.

The Settlement also addresses matters not directly related to the Schedule 193 rate change. The Company agrees to use best efforts to request Commission approval to implement a home energy reporting program and a commercial load curtailment program. Additionally, the Parties agree to participate in good faith discussions to improve the DSM Advisory Group process. Issues to be discussed include the creation of a process for timely and meaningful reviews of DSM developments and modifications, a process for solicitation and consideration of program proposals from Advisory Group members, and a framework for periodic reporting on program spending and performance trends.

Utah Code Ann. § 54-7-1 encourages the informal resolution of matters before the Commission by agreement of the participants. Based on the uncontested recommendations of the Parties, including a broad representation of customer interests, the Commission finds the Settlement to be just and reasonable, and in the public interest.

ORDER

As provided in the Settlement, the Company's Schedule 193 DSM Surcharge collection rate is reduced from 3.6 percent to 3.2 percent, effective February 1, 2012. All other terms of the Settlement are also approved.

DOCKET NO. 11-035-T14

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DATED at Salt Lake City, Utah, this 23<sup>rd</sup> day of February, 2012.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
D#216154

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 23<sup>rd</sup> day of February, 2012, a true and correct copy of the foregoing REPORT AND ORDER APPROVING SETTLEMENT STIPULATION was served upon the following as indicated below:

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