



State of Utah
Department of Commerce
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
Brenda Salter, Technical Consultant
Sam Liu, Utility Analyst
Carolyn Roll, Utility Analyst

Date: June 4, 2012

Re: Docket No. 12-035-57 - Utah Demand-Side Management (DSM) 2011 Annual Energy Efficiency and Peak Load Reduction Report, Division's Recommendation – Acknowledgement.

RECOMMENDATION (Acknowledge)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) acknowledge the Utah Demand-Side Management (DSM) Annual Energy and Peak Load Reduction Report for 2011, filed by Rocky Mountain Power (RMP or the Company) as complying with the Commission Order in Docket No. 09-035-27 and subsequent Order in Docket No. 11-035-74.

ISSUE

On April 30, 2012, the Company filed its DSM Annual Report for 2011. On May 3, 2012, the Commission issued an Action Request for the Division to provide an explanation and statement

of issues to be addressed by June 4, 2012. This memorandum represents the Division response to the Commission's Action Request.

DISCUSSION

In the October 7, 2009 Commission Order in Docket 09-035-27, the Commission approved the recommendation from the DSM Advisory Group requiring the Company to file a DSM Annual Report no later than March 31st of each year. On December 21, 2009, the Commission issued a subsequent Order in the same Docket approving the Company's proposed content and format of the DSM Annual Report with some modifications.

On March 6, 2012 the Company filed a Motion for an extension of the DSM Annual Report filing date from March 31, 2012 to April 30, 2012. The Company requested additional time to receive input from the Cost-Effectiveness Subcommittee before providing the Annual Report. On March 7, 2012, the Commission issued an Action Request to the Division for comments on the Company's Motion for an extension of the filing date. The Division recommended that the Commission approve the Company's request. On March 14, 2012, the Commission issued an order shortening the time for responding to the Company's motion to March 19, 2012, no responses have been filed as of the date of this order; however, the Division submitted a memorandum supporting the Company's request. Consequently, the motion was granted.

The report followed the Commission-approved content and format. The DSM Annual Report contained information on the activities and trends within each program, as well as the cost-effectiveness test results, which are provided at several levels. The cost-effectiveness test results cover overall portfolio level, market segment level (residential and non-residential programs), class of resource level, individual program level, and measure and measure group level. In addition, the DSM Annual Report contained information on the program and portfolio performance compared to forecasts, as well as included a timeline for when evaluations are completed for each program offered in the state of Utah and a plan for 2012.

The DSM Annual Report indicates that all portfolios and programs passed the Utility Cost Test (UCT). The overall portfolio was cost effective on all five cost-effectiveness tests. At the Residential sector level, all tests except the RIM were cost effective and the Commercial and Industrial sector level was cost effective from all perspectives.

The report indicates that the Company has exceeded its Utah targets of 211,016 MWh/year of energy efficiency and 162 MW of load management. First year energy savings between 2010 and 2011 increased by 21 percent to 265,652 MWh of energy efficiency and load management increased by approximately 5 percent to 181 MW. Program costs including Self Direction Credits amounted to \$45,136,025.

At the beginning of 2011, the accumulated Schedule 193 DSM Cost Adjustment account showed an unfunded balance of \$2,166,272, which led to an over-collection balance at the end of the calendar year of \$4,905,616, which includes the Accrued Program Cost. If this trend continues, the account balance will continue to result in over-collection in subsequent years. On November 23, 2011, the Company filed tariff sheets for a proposed reduction to the Schedule 193 collection rate from approximately 3.6% to 2.4% and requested an effective day of January 1, 2012. On December 1, 2011, external parties - Utah Clean Energy (UCE), the Southwest Energy Efficiency Project (SWEET), and Western Resource Advocates (WRA) – the Petitioners – filed a Petition to intervene regarding the collection rate, the Company and intervening parties later stipulated an agreement that set the collection rate to 3.2 percent, a level which will collect approximately \$54 million annually.

In Compliance with the Commission Order of February 23, 2012 in Docket No. 11-035-T14, on May 1, 2012, the Company filed tariff sheets¹ for a proposed Schedule 194 DSM Credit. This Schedule will refund to customers the January 2012 over collected balance of \$6,725,641.93 in the DSM deferred account over a one year period.

The Division does not find any issues with the report and will continue to monitor the Schedule 193 DSM Cost Adjustment and Tariff Rider Balancing Account. Therefore, the Division

¹ Docket No. 12-035-T06

recommends that the Commission acknowledge the Company DSM Annual Report for 2011 as complying with the Commission Order in Docket No. 09-035-27.

CC: Michele Beck, OCS
Dave Taylor, RMP
DSM Service List