



State of Utah  
Department of Commerce  
Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

THAD LEVAR  
*Deputy Director*

CHRIS PARKER  
*Director, Division of Public Utilities*

GARY HERBERT.  
*Governor*  
GREG BELL  
*Lieutenant Governor*

## ACTION REQUEST RESPONSE

**To:** Public Service Commission

**From:** Chris Parker, Director

Artie Powell, Energy Section Manager

Thomas Brill, Technical Consultant

Sam Liu, Utility Analyst

Carolyn Roll, Utility Analyst

**Date:** April 30, 2012

**Re:** Docket No. 12-035-T03, RMP Advice No. 12-03, Removal of the Schedule 192 Self-Direction Credit and Schedule 193 Demand-side Management Cost Adjustment Expiration Date. Division's Approval Recommendation and Comments.

### **RECOMMENDATION (Approval)**

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (Company) proposed changes to Schedule 192 and Schedule 193, with an effective date of May 6, 2012. Specifically, the Division recommends that the Commission approve the Company's request to remove the expiration date from Schedules 192 and 193. The Division also recommends that the Commission approve certain administrative changes to the DSM Cost Adjustment and other tariff language modifications.

### **ISSUE**

On April 6, 2012, the Company filed its revised Utah Tariff Schedule 192 (Self-Direction Credit) and Schedule 193 (Demand-Side Management Cost Adjustment). The Company requested approval of the removal of the March 31, 2014 expiration date from both Schedules, with an

effective date of May 6, 2012. In addition, the Company requested administrative changes to Schedule 193, the DSM Cost Adjustment. The Company also made minor language changes to the tariffs. On April 6, 2012 the Commission issued an Action Request to the Division for a recommendation concerning the Company's proposed removal of the expiration date from Schedules 192 and 193, as well as the requested administrative changes to Schedule 193. This memorandum is in response to the Commission's Action Request.

## **DISCUSSION**

### *Removal of the March 31, 2014 Expiration*

The Schedule 192 Self-Direction Credit program is designed to provide an option for eligible business customers with an incentive in the form of a credit used to offset the Schedule 193 DSM Cost Adjustment rider charge. According to the Company's application, the approaching March 31, 2014 expiration date for the DSM Cost Adjustment is becoming a barrier for Self-Direction Credit program participation because customers cannot currently expect recovery of their DSM expenditures by the expiration of the program. The Division participated in the DSM Advisory Group meetings and email communications in this matter and supports the Company's proposal to remove expiration language, so that customers properly receive anticipated benefits from participation until the appropriate funds have been recovered by the customer.

### *Administrative Changes to Schedule 193 DSM Cost Adjustment*

At present the DSM Cost Adjustment collection rate is set so that the Company collects adequate revenue to ensure the DSM balancing account will be at or near zero over a 12-month period. The collection rate is currently based on a forecast of expenditures and only applied to existing Commission-approved programs. The Company requests that the forecast of expenditures be based on the expenses associated with existing programs as well as approved new programs, anticipated modifications to existing programs, or eliminated programs as long as they have been reviewed with the DSM Advisory Group (or Demand-Side Management Steering Committee).

To avoid unwarranted account balances, the Company proposes that if it forecasts a 12-month balance in its quarterly DSM balancing account filings for three consecutive quarters in excess of

reasonable limits, the Company would take action and either file to adjust the DSM Cost Adjustment collection rate or extend the current collection rate, given anticipated revenue and expense changes. On March 14, 2012 the Company met with the DSM Advisory Group to discuss this issue and parties recognized some improvements for administering the program and ensuring fewer changes to the DSM Cost Adjustment collection rate. The Division participated in the DSM Advisory Group meetings and email communications in this matter. The Division supports the intent of the proposed modifications, which is to minimize the frequency of changes to the DSM Cost Adjustment collection rate.

In the event the DSM Cost Adjustment terminates, the Company requests deferred accounting treatment and recovery in general rates for the on-going Self-Direction Credit. Presumably the intent again is to ensure that customers receive the anticipated benefits from participation in Self-Direction projects. The Division also supports this intent and recommends that Commission approve the Company's request with the caveat that all such requests for deferral and recovery are shown to be prudent.

Finally, the Company recommends that the Commission order a review of both the Self-Direction program and the DSM Cost Adjustment to be completed and filed with the Commission by March 31, 2014. The Division agrees with the Company and requests that the Commission direct the Company to file such review after consultation with the DSM Advisory Board (or DSM Steering Committee).

#### *Other tariff Language Changes*

In its review of the proposed changes to the tariff language for Schedules 192 & 193, the Division notes that the Company has removed the language referencing any termination date. The Company also made several language changes consistent with the removal of the termination date and the administrative changes discussed herein and in the Company's application.

1. For Schedule 192:

- a. Application: the Company added the Language, “If Schedule 193 is terminated, no new projects will be allowed under this schedule.
- b. Self-Direction Credit: At the end of the paragraph, the Company added the language, “or in the event Schedule 193 is terminated, until the funds identified in the Self-Direction agreement have been recovered by the customer.”
- c. Availability of Self-Direction Credit: In the middle of the paragraph the Company added the same language as in b. The Division recommends that this language be offset with commas as in the paragraph “Self-Direction Credit.”
- d. Availability of Fifty Percent Self -Direction Credit: Again, the Company added the same language. The Division recommends that this language also be offset with commas as in the paragraph “Self-Direction Credit.” The Division also recommends the removal of the word “and” at the end of the added phrase.

The Division believes these proposed changes to the tariff language are consistent with the intent of the removal of the expiration date and administrative changes to the DSM Cost Adjustment proposed by the Company. Therefore the Division recommends approval of these language changes.

The Company also made several housekeeping changes to the tariff language.

2. In a couple of places the Company changed “Committee,” meaning the Committee of Consumer Services, to “Office,” referring to the Office of Consumer Services. The Division supports this change.
3. In Schedule 192, the Company deleted language (definition) referring to Transitional Projects:

Transition Project: A DSM Project completed prior to September 23, 2003 that receives qualification as a Completed Project in accordance with Section 2 of the Provisions of Service and for

which an Application for qualification is filed within six months of the Commission Approval Date of this Schedule 192. The customer bears the burden of documenting to the satisfaction of the Self-Direction Administrator the existence and the amount of all claimed expenditures.

The Company also deleted paragraph 8, which contained similar language referencing transition projects. Given that the Transition Project language appears unnecessary at this point, the Division supports removal of this language.

## **CONCLUSION**

The Division recommends that the Commission approve the Company-proposed changes to Schedule 192 and Schedule 193 with an effective date of May 6, 2012, including the administrative changes to the DSM Cost Adjustment.

CC: Michele Beck, OCS  
Dave Taylor, RMP