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Department of Commerce

Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Carolyn Roll, Utility Analyst
Brenda Salter, Utility Analyst

Date: May 24, 2012

Re: Advice No. 12-07, Docket No. 12-035-T06 - Schedule 194 - Demand-side Management Cost Adjustment Credit. Division's Review and Recommendation – Approval.

RECOMMENDATION (Approval)

The Division of Public Utilities (Division) recommends that the Commission approve Rocky Mountain Power's (Company) proposed Schedule 194 Demand-side Management Cost Adjustment Credit (DSM Credit), with an effective date of June 1, 2012.

ISSUE

In Compliance with the Commission Order of February 23, 2012 in Docket No. 11-035-T14, on May 1, 2012, the Company filed tariff sheets for a proposed Schedule 194 DSM Credit. This Schedule will refund to customers the over collected balance in the DSM deferred account over a one year period. The Company requests an effective date of June 1, 2012. On May 1, 2012 the Commission issued an Action Request to the Division for a recommendation concerning the

Company's proposed Schedule 194 Tariff for the Demand-side Management Cost Adjustment Credit. This memorandum is in response to the Commission's Action Request.

DISCUSSION

On February 23, 2012, the Commission approved the Settlement Stipulation in Docket No. 11-035-T14 which established a new Schedule 193 Tariff Surcharge. At the time the new surcharge was established the DSM deferred account contained an over collected balance. The Stipulation provided for the estimated DSM deferred account balance of \$5 million as of February 1, 2012, to be refunded over a one-year period through a customer bill sur-credit. The Company was directed to file for approval of the sur-credit by May 1, 2012.

In Exhibit A of the Company's filing, the balance in the DSM deferred account as of January 31, 2012, was \$6,725,641.93. Rocky Mountain Power proposes to return this amount to customers, through Electric Service Schedule 194, as a 0.4% bill credit for a one year period beginning June 1, 2012. Exhibit B of the filing illustrates the revenue impact of the Stipulation by customer rate schedule. Exhibit C of the filing details the development of the proposed Schedule 194 rates by customer rate schedule.

The Division has reviewed the Exhibits included with the filing, and notes that the Company included EBA revenue of \$29 million in their forecasted revenue dollars as proposed in Docket No. 12-035-67. At the hearing held on May 14, 2012, the Commission issued a bench order approving the request for a \$20 million surcharge that relates to deferred net power costs flowing out of the general rate case settlement agreement Docket No.11-035-124. The remaining \$9 million is held subject to briefing by parties in the EBA Docket and possible other proceedings. In discussion with the Company the Division agrees that this change to the forecasted revenues will have a very small effect on the calculated DSM refund and since this refund is calculated based on forecasted number of customers and MWh there may be a remaining balance in the account at the end of the refund period. Therefore, the Division recommends that the Commission direct the Company to make a one-time adjustment to the DSM balance at the end

of the refund year to reflect the Commission's final order in Docket No. 12-035-67, and file with the Commission notice of the adjustment and any necessary change in the DSM rate.

CONCLUSION

The Division recommends that the Commission approve the Company proposed Schedule 194 with an effective date of June 1, 2012, and to file an update on the account balance and DSM rate at the end of the refund-year.

CC: Michele Beck, OCS
Dave Taylor, RMP