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Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION)	
OF ROCKY MOUNTAIN POWER TO)	
CANCEL SCHEDULE 194)	DOCKET NO. 13-035-___
)	
)	APPLICATION
)	

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the “Company”), and hereby applies to the Public Service Commission of Utah (the “Commission”) for authority to cancel Electric Service Schedule No. 194 – Demand Side Management Cost Adjustment Credit in order to fund improvements to Electric Service Schedule 114 – Air Conditioner Direct Load Control Program (A/C DLC), also branded, Cool Keeper. In support of this Application, Rocky Mountain Power states:

1. Rocky Mountain Power does business as a public utility in the state of Utah and is subject to the jurisdiction of the Commission with regard to its public utility operations.
2. Rocky Mountain Power files this Application pursuant to Utah Code §§ 54-3-1 and 54-3-3, which require all charges and services provided by the Company to be

just and reasonable, and to provide 30 days notice to the Commission and public before changing any rate or charge.

3. Communications regarding this Application should be addressed to:

Lisa Romney
DSM - Regulatory Projects Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
(801) 220-4425
lisa.romney@pacificorp.com

Daniel E. Solander
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In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Lisa Romney at (801) 220-4425.

BACKGROUND

Electric Service Schedule 194

4. Effective June 1, 2012, in Advice No. 12-07 and in accordance with Settlement Stipulation Docket No. 11-035-T14, the Commission approved Schedule 194 – Demand Side Management (DSM) Cost Adjustment Credit to return the over collected balance of the demand side management surcharge to customers over a twelve month period.

5. On January 29, 2013, the Company filed proposed changes to Electric Service Schedule No. 194 to adjust for the November 27, 2012 forecast that showed a \$17.7 million balance by the end of 2013.

6. The Commission approved the January 29, 2013, request to increase the cost adjustment credit in Docket number 13-035-T01 with a target to achieve a DSM account balance of \$6 million by the end of 2013.

7. Schedule 194 is currently discounting rates at the following amounts:

Schedule 1	-0.78%
Schedule 2	-0.78%
Schedule 3	-0.78%
Schedule 6	-0.74%
Schedule 6A	-0.77%
Schedule 6B	-0.74%
Schedule 7*	-0.73%
Schedule 8	-0.73%
Schedule 9	-0.73%
Schedule 9A	-0.74%
Schedule 10	-0.75%
Schedule 11*	-0.73%

Schedule 12*	-0.73%
Schedule 15 (traffic and other signal systems)	-0.98%
Schedule 15 (metered outdoor nighttime lighting)	-0.99%
Schedule 21	-0.74%
Schedule 23	-0.78%
Schedule 31**	-0.78%

* The Adjustment for Schedules 7, 11 and 12 shall be applied to the Charge per Lamp.

** The Adjustment for Schedule 31 customers shall be applied to Facilities Charges, Back-up Power Charges, and Excess Power Charges in addition to the applicable general service schedule charges.

BACKGROUND

AIR CONDITIONER DIRECT LOAD CONTROL PROGRAM

(COOL KEEPER)

8. In 2003, Rocky Mountain Power proposed and subsequently received Commission approval to implement Electric Service Schedule 114, Air Conditioning Direct Load Control Program ¹ known as Cool Keeper.

9. The Company is not seeking changes to the Cool Keeper program. This discussion is provided as background and support for the request to cancel Electric Service Schedule 194.

10. The Cool Keeper program is an air conditioner direct load management program targeting residential and qualifying commercial customers (equipment size equal

¹ Customers served by the Company under Schedules 1, 2, 3, 6, 6B, 8, 9, 9A, and 23 and located in the Control Signal Area, and have qualifying Air Conditioning Equipment are eligible to participate in Cool Keeper.

to or less than 7.5 tons) who cool their homes and businesses with electric central air conditioners and heat pumps.

11. On select summer weekday afternoons, when electricity demand is at its highest, the Cool Keeper control equipment installed on a participating customer's cooling equipment is sent a signal to cycle the operation of the air conditioners compressor "off and on" for brief periods each hour in coordination with the air conditioners of other participating customers. The effect is reduced demand for electricity during these hours by managing the number of air conditioners running at the same time.

12. For their participation, customers receive an annual "thank you" bill credit of either \$20 or \$40 per air conditioner being controlled depending on the size of the air conditioner.

13. Commercial customers have the option of receiving a programmable thermostat in lieu of the "thank you" bill credit as an incentive for their participation. Like the direct control unit or switch used to control equipment for the majority of the program, the programmable thermostat is capable of receiving remote signals used to initiate control events, but also has the added feature of doubling as an intelligent programmable thermostat that customers may use to effectively manage their heating and cooling systems.

14. The current contractor owns all the physical assets and provides the company with a licensed and hosted load control management system. The Company pays the contractor based on measured average kilowatt reduction per active control switch during the load control season based on an estimate of program impact derived from a sample set of program participants.

15. There are currently 110,797 active control switches totaling approximately 103 MW.²

16. In 2012, the Company started the process to renew or replace the Cool Keeper contract which is set to expire in August 2013.

COOL KEEPER CONTRACT REVIEW

17. During 2012, the Company issued a Request for Proposal (“RFP”) to identify alternatives to deliver a cost effective Cool Keeper program.

18. Twenty-five companies were invited to participate in the RFP issued by PacifiCorp, including the Program’s incumbent delivery vendor.

19. The companies were asked to provide proposals based on two alternatives:

Option 1: Pay-for-Performance (turn-key program with payment based on kilowatt (kW) reduction)

Option 2: Utility-Owned Program (utility owns load control hardware and contractor provides administrative services)

Within the two options, bidders were provided latitude as to whether to propose one-way or two-way communicating load control systems inclusive of leveraging the existing system as part of their proposal.

20. During the April 24, 2013, meeting of the DSM Steering Committee, the Company presented options for the new Cool Keeper contract. The intent was to

² June, 2013 estimate with approximate load reduction as measured at the customer meter.

familiarize the committee with potential contract structures and the new technologies on the market. Due to restrictions inherent in a fair procurement process, the Company could not reveal specific companies, brands, or pricing; however, committee members voiced general support for a better technology that provided greater assurance of the program performance and a contract structure that maintained or improved program cost effectiveness, provided it could be procured at a reasonable cost compared to the Company's other options.

21. Taking into consideration pricing, commercial risk, program performance, and the technical evaluation performed during the RFP process the winning proposal was a Utility-owned two-way communicating air conditioning load control system.

22. The Company decided on the utility-owned, two-way communicating load control system for the following reasons:

- A two-way communication network will provide near real-time measurement and verification of the system performance. Measurement and verification will include all active Program participants, which will improve forecasting capabilities allowing for better optimization of load control events.
- Near-real time measurement further allows the company the ability to remotely adjust and monitor the impact of various cycling options, e.g., simple and adaptive cycling preceding control events.
- A two-way network provides the ability to more readily identify load control switch failure or removal.

- Improves load control system availability, which reduces free ridership;
- Allows for targeted maintenance (no longer relying on random annual site inspections to detect equipment problems).
- Provides options and methods for expansion of the load control program, e.g., retail channel or trade ally recruitment.
- The utility-owned two-way communicating load control system provides a competitive cost per kW of realized impact compared to the one-way proposals received.
- The utility-owned system reduces company reliance on proprietary systems and equipment allowing for transitional flexibility over time as technology advances.

23. Negotiations regarding the final agreement began shortly after the vendor selection. The Company plans to provide an overview of the contract, as well as general economics, to the Steering Committee prior to execution.

REQUEST TO CANCEL ELECTRIC SERVICE SCHEDULE 194

24. Based on the Company's selection of the utility-owned two-way communicating load control system, a system equipment upgrade will need to be made to transition the load control infrastructure prior to the 2014 summer control season.

25. The Company forecasts that retaining the current Electric Service Schedule 193 charge and canceling the remaining Electric Service Schedule 194 cost adjustment will fund the system transitional costs within 24 months. Please see Attachment A, "Balance Analysis canceling of schedule 194", for a forecast of the

company's projected demand side management program expenses and Schedule 193 revenues through December, 2014. The account is projected to balance in the first quarter of 2015 based on the current forecast.

CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests that the Public Service Commission of Utah issue an order authorizing the Company to cancel Electric Service Schedule 194, Demand Side Management (DSM) Cost Adjustment Credit, as described herein effective September 15, 2013.

DATED this 14th day of August, 2013.

Respectfully submitted,



Mark C. Moench
Daniel E. Solander
Attorneys for PacifiCorp