

November 1, 2013

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Secretary

Re: Demand Side Management Nov. 1<sup>st</sup> Deferred Account and Forecast Reporting

In its order dated August 25, 2009, in Docket Number 09-035-T08, the Public Service Commission (“Commission”) approved the Phase I stipulation agreed to by parties in that docket and filed with the Commission on August 3, 2009. As specified in the stipulation, Rocky Mountain Power (“Company”) is required to provide to the Commission and Demand Side Management Advisory Group<sup>1</sup> (“Advisory Group”) by November 1 of each year a forecast of expenditures for approved programs for the next calendar year and their acquisition targets (in MWh and MW) for the next calendar year. A report containing the forecast of these items for calendar year 2014 is provided as tab, “Attachment 1” in the excel workbook attached to this filing. All referenced attachments in this letter are included as tabs in the workbook.

The stipulation also requires the Company to provide to the Commission and Advisory Group on a semi-annual basis a Utah DSM tariff rider balancing account analysis similar to that originally provided by the Company in Advice No. 09-08. This analysis is to include historical and projected monthly DSM expenditures, rate recovery and account balances; as well as, historical and projected monthly DSM expenditures by program, Schedule 193 revenue and self-direction credits. The tariff rider analysis provided as Attachment 2 reflects actual results through September 2013 and projects Utah DSM expenditures and Schedule 193 revenues through December 31, 2014. The analysis in Attachment 2 shows that the balance in the Utah DSM balancing account is expected to reflect an under collection on an accrual basis of approximately \$6.1 million as of December 2014. Program level historical and forecasted expense information in support of the Utah DSM balancing account analysis is provided as Attachment 3.

Attachment 3 shows actual program expenses through September 30, 2013, of \$30.4 million against the company’s November 2012 forecast (original forecast) of \$32.9 million. The revised year-end 2013 forecast compared to the original 2012 forecast is \$58 million versus \$45.5 million, respectively. As agreed to in the approved stipulation in Docket Number 09-035-T08, in

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<sup>1</sup> In context of this filing, DSM Advisory Group is redefined as the DSM Steering Committee.

the event that expenditures for the Company's demand side management programs reach 90% of the forecasted level prior to December 1<sup>st</sup> of the current year, the Company must notify the Office of Consumer Services, Division of Public Utilities, Commission and Demand Side Management Advisory Group that the 90% threshold has been reached. Upon notification parties are free to take any action or seek any changes not inconsistent with the Stipulation that it deems appropriate.

In compliance with the Stipulation the Company acknowledges that with the revised 2013 forecast the 90% threshold was met as of September, 2013, and final 2013 program expenditures are forecasted to exceed the company's original forecast by approximately 112%. The net increase in cost is predominantly due to changes to three program forecasts: Schedule 114, the Cool Keeper air conditioner load control program, Schedule 111, the Home Energy Savings program, and the company's Irrigation Load Control program.

The change in the Cool Keeper program expense forecast is the result of program transition work associated with the new delivery vendor contracts that require greater upfront costs but are expected to result in long-term program cost savings. The increase in Home Energy Savings program costs are driven by greater than anticipated lighting sales in advance of the evolving federal lighting code changes. Finally, the reduction in Irrigation Load Control program expenses are the results of the company's recently signed pay-for-performance vendor contract which was in place in advance of the 2013 control season.

Despite the increased costs in 2013 and updated 2014 forecast, the company is not requesting an adjustment in Schedule 193 revenues at this time. Costs and revenues will be revisited in May when the next semi-annual balancing account analysis is completed to determine if the balancing account will return to a balanced position, as currently expected, by mid-year 2015.

In its order dated September 13, 2013, in Docket Number 13-035-136, the Commission approved the Company's request to cancel Schedule 194 – Demand Side Management Cost Adjustment Credit. In the order the Commission required the company to track any costs and expenditures under the Cool Keeper program, including the total funds made available from the cancellation of Schedule 194 and provide the information on a semi-annual basis in conjunction with the semi-annual balancing account analysis. This analysis is included as Attachment 4.

The order also required the Company to provide a detailed, auditable report of all expenditures associated with the Cool Keeper program in the semi-annual filings. The report is included in Attachment 5, filed electronically only.

Also included in this filing and in compliance with the Commission's February 10, 2012 Acknowledgement Letter in Docket Number 10-035-57, the Company has included an estimate of total program participation and contribution to peak system load for the Company's irrigation load control program. This analysis is included as Attachment 6.

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An original and 10 copies of Attachments 1-4, 6 of the "Utah Nov 2013 Workbook" are provided with this filing. Again, Attachment 5 is provided electronically only.

It is respectfully requested that all formal correspondence and staff 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 Blvd., Suite 2000  
Portland, OR 97232

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

Sincerely,

Kathryn Hymas  
Vice President, Finance and Demand Side Management

Cc:    Division of Public Utilities  
      Office of Consumer Services

Enclosures