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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission
From: The Office of Consumer Services
Michele Beck
Cheryl Murray
Date: March 14, 2013
Subject: Docket 13-035-20 In the Matter of the Application of Rocky Mountain Power for Authority to Cancel Electric Service Schedule No. 96A Irrigation Load Control Tariff and Approve a New Demand Side Management Contract

REDACTED

Background

On February 12, 2013, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) an "Application of Rocky Mountain Power for Authority to Cancel Electric Service Schedule No. 96A Irrigation Load Control Tariff; Approve a New Demand Side Management Contract (Program) and Approve a Schedule No. 105 Irrigation Demand Response" (Application).

Upon review of the documents provided the Office of Consumer Services (Office) identified that the Schedule No. 105 Irrigation Demand Response tariff sheet had not been included. An enquiry was emailed to the Company regarding the missing document and the Office was informed that the Company had removed the tariff from the filing but neglected to change the title and a corrected application would be filed the next day. Approximately one hour following the receipt of this response the Office received an email addressed to the Demand Side Management (DSM) Steering Committee stating that the Company believed it was critical to start the formal process (for approval of irrigation load control) and that a tariff had not been included. It was further indicated that the Company would be willing to continue discussions over the next month.

On February 13, 2013, the Company filed an Errata to the Application wherein references to Schedule 105 were removed.

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On March 8, 2013, after additional discussions the Company, the Office and the Division of Public Utilities (Division) agreed to a tariff description and the Company filed a Schedule 105 tariff sheet as a supplement to the filing.

The Company requests that the Commission approve the Application on or before March 15, 2013.

The Commission issued an Action Request to the Division with a deadline of March 14, 2013

As a member of the DSM Steering Committee the Office participated in discussions and provided input and suggestions regarding the irrigation load control program. The Office now offers our concerns and recommendations to the Commission.

Discussion

Irrigation Load Control Program

The Company's Application includes a history of irrigation load control programs in Utah. The Company's current irrigation load control contractor agreements expired December 31, 2012, although Tariff Schedule 96A does not contain an automatic expiration date. In fact customers (irrigators) currently enrolled in Schedule 96A are expected to remain on that Tariff in the years subsequent to enrollment unless the Company receives a request to cancel participation. Since the Company's agreement with the current irrigation load control contractor has expired and through a request for proposal (RFP) process the Company has found a more cost effective way to manage the program the Company requests to cancel Tariff Schedule 96A.

The Company also describes some of the problems that necessitated a redesign of the Program, which include:

- Payment scheme: The current program suffers from a lack of interval data. Participants were being paid based on average billing demand for two prior years, not on performance in the operating year. Data received from the Idaho irrigation program indicated that realized levels of reduction did not necessarily align with expectations nor payment parameters.
- Free ridership: In attempting to make a better determination of curtailment achieved, the Company found that some Participants (e.g. golf courses and cemeteries) watered in the evenings and were not available for curtailment when events were called.
- Effective period: Currently the program is effective June 1 to August 31 annually. Control events were not being called in early June and later August. The new Program will be effective June 15 to August 15, which better coincides with actual need for curtailment. Additionally voluntary events can be called.

The Office supports the design changes to address these issues.

The Office has been and remains supportive of the Company's efforts to pursue and promote cost-effective DSM programs, including the irrigation load control program. Based on the information provided by the Company the Office agrees that the proposed Program is more cost-effective than Schedule 96A and could provide more value, subject to the concerns noted below.

Tariff

As can be seen from the background information, the Company and certain other parties on the Steering Committee (including the Office) did not initially agree on the necessity and contents of a tariff to accompany the request for approval of the Program. After further discussions, we were able to come to agreement and the Company subsequently filed the tariff reflecting that agreement. The Office supports this tariff as an appropriate balance of the various relevant concerns. For example, the Office believes that the tariff should describe the general parameters and how a Schedule 10 customer can initiate participation. The filed tariff includes all parameters except for the incentive levels. The Company has indicated that the program provider requested that incentive levels not be made public. Since the incentive levels are not specified within the tariff, the provision addressing non-discrimination was added. Further, the dispute resolution provides clear information about the process to follow if discriminatory treatment is alleged. To the Office's knowledge, this is the first tariff to be included without the specific incentive levels included. The Office is satisfied with the treatment of the issue, but the Commission may want to consider whether the proposed incentive levels should be filed up front for Commission review or whether it will solely address the issue on an as-needed basis if complaints arise.

Program Concerns

The Office has been involved in numerous discussions with the Farm Bureau and individual irrigator customers about the Program. Some of these discussions have included the Company and the program provider. Many, if not all, irrigators will see reduced incentive levels under the Program as compared to participation in Schedule 96A. The Office believes that the irrigators understand the rationale for the changes to the extent that it addresses potential free riders and implements a program design to maximize value to the PacifiCorp system. However, potential irrigator participants have indicated that the incentive level may no longer be sufficient compensation to entice participation.

The Office does not want to pre-judge the effectiveness of this program. Perhaps after it is approved and the program provider has an opportunity to effectively market the program enough interested participants will sign up to achieve the desired and projected savings level. However, such an outcome is not clear. As can be seen in the confidential attachment to the Company's filing, the Company's contract with the program provider is for [CONFIDENTIAL INFORMATION BEGINS] [REDACTED] [CONFIDENTIAL

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INFORMATION ENDS]. However, the Office requests that the Commission clearly indicate that approval does not imply [CONFIDENTIAL INFORMATION BEGINS] [REDACTED]. [CONFIDENTIAL INFORMATION ENDS] As with other DSM programs, the expectation should be that if desired and projected savings levels are not achieved, the program design would be revisited.

Process Concerns

The Office has two process concerns to address. The first is with the Commission's process for dockets of this nature. As may be evident from the background section, the Company and the Steering Committee were not in agreement on the issues surrounding the Program when the Company first filed for approval. Several of the other stakeholders who participate on the Steering Committee had discussions with the Office about potential comments to be filed with the Commission. However, none of those parties had access to information regarding the Commission's process, most notably what deadline would be set for a response within the Commission's Action Request to the Division. Previously, some of these parties have participated by either submitting comments to the Commission on what seems to be a reasonable timeline or in response to Division comments that get submitted according to the Action Request deadline. However, at times these comments have not been received in time to be fully considered. In the current case, the Company requested approval by March 15 so parties were particularly concerned about submitting comments on time. The Office has requested and received access to the Action Requests that the Commission sends to the Division, so we notified others of the deadline included in the Action Request.

Clearly this process does not facilitate participation of parties other than the Division and Office. The Office requests that the Commission consider changes to its process such that the Steering Committee and all interested stakeholders are clearly aware of the date by which the Commission desires comments on any Company filing.

The Office's second concern is with the DSM Steering Committee itself. In the Office's view, the Steering Committee is not yet working as anticipated. It was the Office's understanding that having a smaller group, all of whom would be bound to confidentiality and could talk freely about both confidential issues and potential settlements, would be the foundation for better communication. However, such was not the case on this issue. For example, the Office notes that the Company did not discuss details of the Program with the Steering Committee until after it had signed the contract with an outside vendor. The Steering Committee raised issues that resulted in a minor addendum to the contract. While it appears that we have reached a satisfactory result in the end, it certainly could have been achieved more efficiently.

The Office has shared its concerns with the Company and is optimistic that interactions will improve as we gain more experience with the new process. The Office is not requesting any changes at this time. However, the Office does want to go on record that

changes are currently necessary to achieve the anticipated benefits of having a Steering Committee. We will report on the progress in our comments on future DSM filings.

Recommendation

The Office recommends that the Commission approve Schedule 105 and cancel Schedule 96A. The Commission may find it beneficial to give guidance regarding what level of support is expected for this type of filing, since much of the development work takes place within the DSM Steering Committee in which Commission staff does not participate. The Commission may also want to give guidance regarding its preference whether incentive levels must be included up front within the Company's request for approval or whether reliance on the dispute resolution process is sufficient.

The Office also recommends that the Commission consider changes to its internal process for DSM tariff filings and other dockets with short timeframes to facilitate the participation of interested parties (other than the Office and the Division) who do not have access to the Action Request sent to the Division.