- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Rocky Mountain Power's Demand-Side Management 2012 Annual Energy Efficiency and Peak Load Reduction Report	))))))	DOCKET NO. 13-035-71 ORDER

ISSUED: September 11, 2013

By The Commission:

PROCEDURAL HISTORY

The Commission's October 7, 2009, Order in Docket No. 09-035-27[1] ("October Order") directed PacifiCorp ("Company"), doing business in Utah as Rocky Mountain Power, to file an annual report detailing the Company's yearly demand-side management ("DSM") activities in the state of Utah. On January 15, 2013, in Docket No. 12-035-116[2], the Commission approved the Company's request to permanently move the filing date of the annual DSM report from March 31 to May 1 of each year.

On May 1, 2013, the Company filed its "Energy Efficiency and Peak Reduction Annual Report – January 1, 2012 - December 31, 2012" ("Report"). On May 6, 2013, the Commission issued an action request to the Division of Public Utilities ("Division") seeking comments on the Report. On May 17, 2013, the Commission issued a notice of filing and comment period with parties' comments and reply comments due to the Commission by June 18, 2013, and June 28, 2013, respectively.

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[1] *See In the Matter of the Proposed Revisions to the Utah Demand Side Resource Program Performance Standards,* Docket No. 09-035-27, Order issued October 7, 2009.

[2] *See In the Matter of the DSM Annual Report Filing by Rocky Mountain Power,* Docket No. 12-035-116, Order issued January 15, 2013.

On June 18, 2013, the Commission received comments on the Report from both the Division and the Office of Consumer Services ("Office"). On June 24, 2013, Utah Clean Energy ("UCE") filed comments.

On June 28, 2013, the Commission received reply comments from the Company which consisted of a revised Report ("Revised Report") in response to the comments filed by the Division and the Office on June 18, 2013. The Company requested the Commission accept the corrections in the Revised Report and approve a new tariff with an effective date of July 1, 2013.[3] The Company's Revised Report includes lifetime megawatt hour savings estimates and corrects references to tables included in the Report. Also, on June 28, 2013, the Office filed reply comments indicating their intention to review the Company's Revised Report.

On July 8, 2013, the Commission issued an action request to the Division seeking a review of the Company's Revised Report. On July 18, 2013, the Division requested the Commission extend the deadline of the July 8 action request to August 6, 2013. On July 22, 2013, the Commission granted the Division's requested extension of time. On August 6, 2013, both the Division and the Office filed comments on the Company's Revised Report.

REVISED REPORT SUMMARY

The Revised Report summarizes the Company's DSM program activities and trends for the reporting period of January 1, 2012, through December 31, 2012. The Revised Report provides cost-effectiveness results utilizing the five cost-effectiveness tests adopted in the Commission's October Order.

[3] No tariff sheets were filed and no comments were received regarding any tariff sheets. The Commission presumes this part of the Company's request is an error.

The Revised Report shows an estimated 192.2 megawatt savings in 2012 from both load management ("Peak Reduction" or "Class 1 DSM") and energy efficiency (also referred to as "Class 2 DSM") programs. This amount is approximately 35 megawatts short of the 228 megawatts 2012 forecast filed by the Company in Docket No. 10-035-57 on November 1, 2011, ("November Forecast") [4] and approximately 15.3 percent lower than the 226.9 megawatt savings achieved in 2011.

The Company's Peak Reduction programs achieved a total of about 150.4 megawatts of savings in 2012. This amount is approximately 16.9 percent less than the 180.9 megawatts achieved in 2011, and about 27 megawatts lower than the Company's November Forecast. Regarding 2012 energy efficiency programs, the Revised Report estimates 41.8 megawatt savings and about 236,248 megawatt hours of first-year energy savings in 2012. The energy savings achieved in 2012 is about 11.1 percent less than the energy savings achieved in 2011. The Revised Report shows an average net-to-gross energy savings ratio[5] of approximately 74.7 percent for current energy efficiency programs. Estimated lifetime energy savings from 2012 energy efficiency acquisitions totals approximately 2.5 million megawatt hours. The Company spent between $44.6 and $47.2 million in 2012, depending on the source of the data and the expenses included.[6]

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[4] *See, In the Matter of the Rocky Mountain Power Demand-Side Management 2010 Semi-Annual Forecast*, Docket No. 10-035-57, Attachment A, Utah DSM 2012 Projected Savings, filed by PacifiCorp on November 1, 2011.

[5] The net-to-gross ratio provides an estimate of actual energy savings attributable to the Company's energy efficiency programs, as distinct from energy efficiency savings occurring regardless of the Company's offering of program incentives.

[6] See Revised Report, Table 3, p. 9 and Table 4, p. 12.

All DSM programs combined passed all of the five cost-effectiveness tests. The Revised Report also states all individual programs achieved a Utility Cost Test benefit-cost ratio of at least 1.0.

PARTY COMMENTS

Both the Division and the Office state the Company's Revised Report does not provide a comparison of IRP planned DSM amounts with 2012 actual DSM results, as required in the Commission's October Order. Rather, the Division states, the Company compared actual 2012 results to the November Forecast. The Division claims it was unable to reconcile the DSM amounts shown on page 17 of the Revised Report with amounts included in the 2011 IRP. The Office argues the Company does not explain why the Revised Report's forecast savings do not appear to correspond to IRP action plan data.

According to the Division, in order for the Company to comply with the Commission's October Order, the Company must modify the way it models Class 2 DSM in the IRP. The Division contends this change would be excessively burdensome and therefore recommends the Commission discontinue the October Order requirement of comparing IRP planned DSM savings with actual DSM savings. The Division recommends the Commission allow the Company to use the November Forecast and subsequent annual DSM forecasts filed each November pursuant to the Commission's order in Docket No. 09-035-T08 in place of the IRP planned DSM amounts.[7]

The Office recommends the Commission require the Company to provide IRP megawatt and megawatt hour savings for the year including identification of the relevant IRP or

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[7] *See, In the Matter of Rocky Mountain Power's Advice No. 09-08 Schedule 193-Demand Side Management (DSM) Cost Adjustment*, Docket No. 09-035-T08, August 25, 2009, Order Granting Approval of Phase I Stipulation.

IRP update used for the comparison. The Office argues it is extremely important to reconcile planned IRP amounts with actual DSM results because the 2013 IRP places significant reliance on DSM. If the Company prefers to use the November Forecast rather than IRP planned amounts, the Office recommends the Company request the Commission to modify the requirement based on a determination the November Forecast method provides a reasonable substitute for IRP planned savings. Alternatively, the Office recommends the Company change its IRP so it can comply with the October Order.

The Office also contends the Revised Report does not clearly show estimated megawatt savings from energy efficiency programs at the time of system peak as required in the October Order. The Office states the information is contained in an appendix rather than in a table in the executive summary as required by the October Order, and argues the explanation provided lacks sufficient detail to clearly show how the amounts are determined. The Office and UCE recommend the Company provide more clarity regarding the estimated megawatt savings of energy efficiency programs at the time of system peak in future reports.

The Office asserts the Revised Report does not state when evaluations will be conducted for the Low-Income Weatherization and Irrigation Load Control Programs. As required by the October Order, the Revised Report should include an expected evaluation date or an explanation regarding planned evaluations for these programs.

The Office notes reporting requirements have changed since the issuance of the October Order. For future reports, the Office and Division recommend the Company include an appendix or table listing the current reporting requirements and showing where the required information is located within the report. In future reports, the Office also recommends the

Company include a table such as that provided in Attachment OCS 3.2 of the Office's June 18 comments.

UCE lists three additional suggestions for consideration in future reports. The report should: (1) provide a list of the geographical distribution of the completed efficiency projects throughout Utah; (2) provide average kilowatt-hour savings per project for non-residential programs and identify "uncharacteristically large" projects; and (3) include additional information about staffing levels for the Company's DSM programs, including a discussion about how current staffing levels may impact energy savings acquisitions.

DISCUSSION, FINDINGS, AND CONCLUSIONS

We understand the direct reconciliation of IRP Class 2 DSM savings by program, and actual savings by program, is difficult because program-specific Class 2 savings for Utah are not currently identified in the IRP. Rather, the potential megawatt savings of Class 2 DSM in the Company's IRP preferred portfolio are identified and aggregated into total megawatts of cost effective resource by state. Therefore, as recommended by the Company and Division, we approve use of the annual DSM forecasts filed by November 1 of each year pursuant to Docket No. 09-035-T08 for reporting the program by program comparison of forecast and actual megawatt hours when the IRP preferred portfolio does not contain this information. Parties have an opportunity to review the reconciliation of program level forecasts and IRP planned amounts when the Company files, pursuant to Docket No. 09-035-T08, the annual DSM forecasts by November 1 of each year.

We also find it remains useful for the Company to report the IRP Class 1 and Class 2 DSM planned megawatts for Utah when IRP planned megawatts at the program level are unavailable in the Company's preferred portfolio. Though not a program level value, the planned megawatts in Utah can be readily compared to the sum of achieved DSM megawatts in Utah. As the Office notes, the Company is currently relying on significant megawatts of DSM at the time of system peak in its IRP to meet growing demand. We find it is important to compare achieved amounts to IRP-planned amounts, regardless of the methods used to identify cost-effective resources in the IRP or to design programs in Utah. The Class 2 planned value for Utah is readily available in the 2011 IRP Report (see Table 8.16, page 230; for Class 2 2012 DSM in Utah, this value is 47 megawatts). We direct the Company to report this value in an erratum Table 7, in an additional column, in the Revised Report, to be filed within 30 days. The Company shall continue to report the IRP-planned DSM megawatts for Utah at the time of system peak corresponding to the DSM report-year, as shown in the Company's IRP preferred portfolio, in all future annual DSM reports.

The October Order specifically directs the Company to provide a table illustrating the Company's estimate of megawatt savings for energy efficiency (Class 2) programs at the time of system peak. We agree the Company needs to clarify how these estimates are determined in future reports. As this has been a recurring issue among parties, we request the Company discuss this issue during a future DSM Steering Committee or Advisory Group meeting to seek guidance on how these estimates should be presented in future reports.

We agree with the Division and Office that future DSM Annual Reports should include a table or an appendix listing all current Commission-ordered reporting requirements and identifying the locations within the Report where each requirement is met.

Consistent with our October Order, we concur with the Office that the Company should provide its anticipated schedule for completing ex-post evaluations of the Low-Income Weatherization and Irrigation Load Control Programs or explain why this information is unavailable. The Company shall file this anticipated schedule within 30 days.

We recommend UCE present their reporting suggestions in either a future DSM Steering Committee or Advisory Group meeting. This will provide parties an opportunity to more fully explore the benefits and rationale of including such suggestions in future DSM annual reports.

We note cost-effectiveness results for peak reduction programs are not provided in Revised Report Tables 8, 10, and 13. Rather, these tables simply identify whether or not the cost-effectiveness tests were passed. The Company states decrement values, cost-effectiveness ratios, and related inputs are confidential and can be made available to parties under a protective agreement.

We previously directed the Company to file this confidential information when it files its Report. Consistent with our June 12, 2012, Order in Docket No. 12-035-57[8], we direct the Company to provide the cost-effectiveness results for Tables 8, 10, and 13, along with associated decrement values and related inputs such that the results regarding the 2012 performance of the Company's peak reduction programs are available in the record, subject to the confidentiality requirements of Utah Administrative Code R746-100-16, within 30 days. We again direct the Company to provide this information each time it files the annual DSM report.

[8] *See, In the Matter of the DSM Annual Report filing by Rocky Mountain Power,* Order issued June 12, 2012, Docket No. 12-035-57.

We also note actual 2012 DSM expenditures shown in Table 3 do not match the actual 2012 DSM expenditures shown in Table 4 and no explanation is provided for the difference. The Company shall provide a supplemental response within 30 days to explain the difference in the 2012 expenditures and shall provide an explanation when the values in these two tables differ in the future.

ORDER

1. The "Utah Energy Efficiency and Peak Reduction Annual Report – January 1, 2012 - December 31, 2012" filed June 28, 2013, complies with the reporting guidelines ordered in Docket No. 09-035-27 subject to the filing of the errata and supplemental information itemized below.
2. The Company shall file an erratum Table 7 within 30 days reporting IRP planned Class I and Class II DSM megawatts for Utah in 2012 and shall provide this information in all subsequent DSM annual reports.
3. The Company may use the program level DSM megawatt hour forecasts approved in the proceedings addressing the forecast of annual DSM expenditures filed by November 1 pursuant to Docket No. 09-035-T08, order dated August 25, 2009, in place of program level planned IRP megawatt hours when program level DSM megawatt hours are unavailable in the IRP.
4. The Company shall file supplemental information regarding its anticipated schedule for evaluating the Low-Income Weatherization and Irrigation Load Control Programs within 30 days.

5. Future DSM annual reports shall include a table or an appendix listing all current Commission-ordered DSM annual report requirements and identifying the locations within the report where each requirement is met.

6. The Company shall file the confidential cost-effectiveness results per Utah Administrative Code R746-100-16, as discussed above, within 30 days of this Order and shall include this information in all future reports.

7. The Company shall file supplemental information within 30 days explaining the difference in 2012 DSM expenditures shown in Revised Report Tables 3 and 4.

DATED at Salt Lake City, Utah, this 11th day of September, 2013.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad Levar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#247070

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 11th day of September, 2013, a true and correct copy of the foregoing ORDER was served upon the following as indicated below:

By Electronic-Mail:

Data Request Response Center (datarequest@pacificorp.com)
PacifiCorp

Dave Taylor (dave.taylor@pacificorp.com)
Rocky Mountain Power

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Office of Consumer Services
160 East 300 South, 2nd Floor
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Administrative Assistant