



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: July 15, 2015

Re: **Rocky Mountain Power's Semi-Annual Demand-Side Management (DSM)
Deferred Account Analysis pursuant to Commission order in Docket No. 09-035-
T08**

Docket No. 15-035-48

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Utah Public Service Commission (Commission) acknowledge the Utah DSM tariff rider balancing account analysis filed by Rocky Mountain Power (Company) as being in compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation.

ISSUE

In Compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08, on June 15, 2015 the Company filed the Utah DSM tariff rider balancing account analysis. On June 15, 2015 the Commission issued an Action Request to the Division to review the application and make recommendations on the Company's filing by July 15, 2015. On April 30, 2015 the Commission granted the Company's request for extension of the report filing date from May 1, 2015 to June 15, 2015. This memorandum is in response to the Commission's Action Request.

DISCUSSION

On August 25, 2009, the Commission issued an Order approving the Phase I Stipulation in Docket No. 09-035-T08. The Phase I Stipulation required the Company to file semi-annually an analysis of the balancing account similar to that provided by the Company in Advice No. 09-08. In compliance with the above Order, on June 15, 2015, the Company filed the revised Utah DSM tariff rider balancing account analysis including the 2015 and 2016 forecast years. The Division has reviewed the filing and concludes that the Company's Utah DSM tariff rider balancing account analysis complies with the Commission Order of August 25, 2009.

The report shows that, based on the Company's projections of the revenues and expenses of the Demand-Side tariff rider, the account balance will result in the under-collection of approximately \$13.2 million by December 2015 and \$5.7 million by December 2016.

On January 29, 2015 the Commission approved the Company's request to increase the Schedule 193 DSM Surcharge from 3.3 percent to 3.62 percent effective February 1, 2015.¹ The request to increase the DSM Surcharge was based on \$18.4 million under-collected in the DSM Balancing Account at December 31, 2014. On May 31, 2015, the account balance was \$18.6 million. The DSM balancing account has not decreased as expected but has actually increased. The Company attributes the increase to the unexpected participation in the small business enhanced lighting incentives and to the lower than expected kWh usage in the first few months of 2015. On June 19, 2015, in Docket No. 15-035-T08 the Commission suspended the portion of tariff Schedule 140 specific to the small business enhance lighting incentives until the Company can further evaluate the planning and implementation assumptions. It is anticipated that the modified program will be reinstated early 2016.

As previously noted, the Company's forecast indicates that there will be a \$13.2 million under-collected balance at the end of 2015 and a December 2016 under-collected balance of \$5.7 million. In Docket 14-035-T14, it was agreed that a second step increase to the DSM Surcharge would be needed in order to return the balancing account to a neutral position. The Company

¹ Rocky Mountain Power's Proposed Revisions to Electric Service Schedule 193, Demand Side Management Cost Adjustment, Docket No. 14-035-T14.

provided an estimate 2nd step increase of 3.94 percent beginning January 2016.² The Company has included the second step increase in this forecast. According to the Company's forecast provided in this Docket, the DSM account balance will not reach a neutral position as anticipated in Docket No. 14-035-T14. The Division will continue to monitor the DSM account balance and will provide input on a second step increase to the DSM Surcharge closer to the end of the year.

On November 1, 2014, the Company provided its 2015 portfolio expense projection of \$60,955,747. The DSM semi-annual report indicates that expenses for 2015 will be \$64,141,579, exceeding the November 1 forecast by approximately \$4.0 million. The Company provided actual DSM expenses for January to May. Actual program expenses as of May 31, 2015 for the Residential New Homes, Residential Home Energy Savings, and Commercial *wattsmart*, are at 76 percent, 49 percent, and 61 percent respectively, of the November 1 budget. Two programs, Residential New Homes and Commercial *wattsmart* are expected to exceed the November 1 forecast. The Commission's order in Docket No.03-035-T08 requires the Company to report to the Commission when a program reaches 90 percent of the forecast level prior to December 1st of the program year.

CONCLUSION

Based on its review of the Company's filing, the Division concludes that the Company's Utah DSM tariff rider balancing account analysis complies with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation. The Division recommends acknowledgement of the filing.

CC Bill Comeau, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List

² The second step increase will be reviewed in a separate Docket early November 2015. Through an informal request the Company verified it had included the second step increase in the 2016 forecast.