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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Gavin Mangelson, Utility Analyst

Date: July 15, 2015

Subject: Docket 15-035-48

In the Matter of: Rocky Mountain Power's Semi-Annual Demand-Side Management (DSM) Forecast Reports

Background

On June 15, 2015 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) a report containing Demand-Side Management historical and projected expenditures (Forecast). The Commission posted a Notice of Filing and Comment Period on June 23, 2015.

The Schedule 193 surcharge that recovers the costs of the DSM portfolio was increased on February 1, 2015, in accordance with a bench ruling for docket 14-035-T14 made on January 29, 2015. The Commission confirmed the bench ruling with an Order on March 3, 2015.

On May 22, 2015 the Company filed a request to suspend portions of the Schedule 140 small business lighting tariff. The Commission ordered the requested suspension on July 19, 2015 in docket 14-035-T08.

Discussion

DSM Surcharge

The January 29, 2015 increase to the Sch. 193 surcharge was necessary due to under collections occurring with the existing surcharge rate and the growing balance

on the DSM account. The Company communicated this balance and under collections to the DSM Steering Committee of which The Office of Consumer Services (Office) is a member. The Steering Committee agreed that the surcharge would need to be increased to accommodate the balance; and at that time members reviewed informal forecasts of DSM expenditures provided by the Company.

Sch. 140 Suspension

The suspension of the Small Business Lighting measure in Sch. 140 was requested in part due to anticipated budget overruns. As a result of the recently increased surcharge and the high cost of carrying charges on account balances, these overruns were of particular note to some Steering Committee members.

The Office submitted a discovery request on July 7, 2015 to confirm that the Forecast incorporated the pending suspension of the small business lighting measure. The Company's response to OCS 1.1 states:

"The semi-annual analysis was completed the first part of June, which considered the suspension of Small Business Lighting, Sch. 140 (SBL). Without the suspension of SBL the semi-annual analysis forecast would have increased by approximately \$4.21m."

The Office therefore concludes that the forecast as filed represents an estimate of anticipated expenditures for 2015; and that the timing of reinstatement of the suspended measures of Sch. 140 may result in deviations from the forecast for 2016.

Carrying Charge Expense

The DSM forecast also demonstrates that carrying charges will continue to be a significant cost to ratepayers over at least the next twelve months. Indeed, analysis of the carrying charge expenses in the forecast reveals that the carrying charge costs of the last twelve months coupled with the next twelve months total approximately 1.5 million dollars (July 2014 – June 2016). This estimate is based on the current carrying charge rate remaining unchanged.

The Office asserts that carrying charge costs manifest in the levels we are currently witnessing demonstrate the need for additional analysis into policies that reduce and mitigate these costs where feasible. The Office will continue to consider the elevated DSM surcharge rate and costs associated with carrying charges in assessments of future DSM proposals.

Recommendation

The Office recommends that the Commission acknowledge the forecast as having satisfied the current requirements.

Copies To: Rocky Mountain Power
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