



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HEBERT
Governor

SPENCER J. COX
Lieutenant Governor

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: December 1, 2015

Re: Rocky Mountain Power's Annual Demand-Side Management Deferred Account and Forecast Report for 2016.

Docket No. 15-035-48

RECOMMENDATION (ACKNOWLEDGEMENT)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (RMP) Annual Demand-Side Management Deferred Account and Forecast Report for 2016 as being in compliance with the Commission Orders in Docket Nos. 09-035-T08, 10-035-57 and 13-035-136.

ISSUE

In compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08, on November 2, 2015¹, the Company filed its Annual Demand-Side Management Deferred Account

¹ November 1st was a Sunday

and Forecast Report, which contains an analysis of the DSM balancing account and the forecast for the 2016 year. On November 4, 2015, the Commission issued an Action Request to the Division directing the Division to review the filing for compliance and make recommendations by December 2, 2015. Also on November 4, 2015 the Commission issued a Notice of Filing and Comment Period for interested parties to submit comments on or before December 2, 2015 with reply comments due December 11, 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 and forecast of the balancing account similar to that provided by the Company in Advice No. 09-08. In compliance with the above Orders, on November 2, 2015, the Company filed its 2016 Demand-Side Management Deferred Account and Forecast Report. The Division has reviewed the report and it appears to be in compliance with Commission Orders.

Included in the report is the 2016 forecast savings compared to the 2015 Integrated Resource Plan (IRP) targets. According to the report, the Company's 2016 DSM forecast savings is expected to meet or exceed the IRP target.

The Division notes that the Company has included the costs of the 2016 DSM potential study in its filing. The potential study was initiated as part of the merger commitments² of MidAmerican Energy Holdings Company (currently Berkshire Hathaway Energy) and PacifiCorp in Docket No. 05-035-54. The potential study costs, up to this point, have not been included in the DSM program. The inclusion of the potential study costs in the DSM program were not presented and discussed at the DSM Steering Committee meetings but, because the forecasted potential study costs for the 2016 period are minimal and the intent of the potential study is to help direct the Company in its ongoing energy efficiency efforts, the Division is not opposed to including the costs in the program this time. The Division has spoken with the Company on this matter. The

² Merger Commitment 44(a)

Company indicated that in the future all proposed changes to the program will be presented in the DSM Steering Committee meeting prior to filing with the Commission.

The balancing account shows expected 2016 program expenditures of approximately \$65.3 million³ with the rate recovery of approximately \$69.9 million. As proposed, it appears the current Schedule 193 collection rate is sufficient to cover the 2016 program costs.

Although the collection rate is sufficient to cover the 2016 program costs, it is not sufficient to cover the under-collected balance from previous years. The forecast shows that the account will be under-collected by approximately \$13.5 million at the end of December 2015 and under-collected by approximately \$8.2 million by December 31, 2016.

On October 23, 2015, the Company addressed the continued under-collection of Schedule 193 revenues at the DSM Steering Committee meeting. The DSM Steering Committee discussed various measures to reduce the deferred account balance which included reducing the DSM forecast expenditures for 2016 and increasing the sur-charge on Schedule 193. The Company agreed to examine its costs based on what was discussed in the DSM Steering Committee and subsequently incorporated a lower 2016 DSM expenditure forecast with this filing.

Unfortunately, only decreasing the 2016 DSM expenditures will not be sufficient to recover the under-collected balance. On November 23, 2015, the Company made a request to the Commission to increase the DSM collection rate to 4.0%. At this rate, the Company forecasts that with these two changes the December 31, 2016 DSM balancing account will show an under collected balance of \$0.5 million. The Division believes that the above changes, if approved, would bring the DSM balancing account to an acceptable level by the end of 2016.

The Division will continue to monitor Schedule 193 and present additional recommendations if the actual expenses and revenues do not follow the Company's projections.

³ As of November 18, 2015, Jaco Environmental the vendor for Rocky Mountain Power's "See ya later refrigerator" program was put into receivership in the state of Washington. The 2016 DSM budget includes \$1.6 million of allocated costs to this program. The Division anticipates the Company filing to suspend the "See ya later refrigerator" program as soon as possible.

CONCLUSION

Based on its review of the Company's filing, the Division concludes that Company's 2016 Annual Forecast complies with Commission Orders.

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