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Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Power, Energy Section Manager
Abdinasir Abdulle, Utility Analyst
Charles Peterson, Utility Consultant

Date: September 16, 2015

Re: Docket No. 15-035-63, revised annual compliance filing of PacifiCorp's Smart Grid monitoring report.

RECOMMENDATIONS (Do Not Acknowledge)

The Division of Public Utilities ("Division") recommends that the Commission NOT acknowledge PacifiCorp's ("Company") revised 2015 Smart Grid Annual Report (revised Report) that was filed with the Public Service Commission (Commission) on August 14, 2014. As detailed below, the Division believes that while there have been limited improvements in the revised Report over the original Report, there remain significant reporting requirement deficiencies in the revised Report.

As discussed in its comments filed with the Commission on July 29, 2015, the Division continues to believe that the Commission may want to reconsider whether the annual production of this report is worth the time and effort of the Company and is of real value to the regulatory community. The Division's preference is that the report be discontinued.

ISSUE

Pursuant to the Commission Orders in Docket 08-999-05 dated on December 17, 2009 and November 30, 2011, the Company filed its 2015 Smart Grid Annual Report on July 1, 2015. Following comments by the Division and the Office of Consumer Services at the end of July 2015 that recommended that the Commission not acknowledge the report, the Company filed a revised Smart Grid Annual Report dated August 14, 2015 (revised Report). Subsequently, the Commission requested comments on the revised Report by September 16, 2015. This memorandum is the Division's response to the Commission's request for comments.

DISCUSSION

In its Action Request Response dated July 29, 2015, the Division identified several deficiencies with respect to the Commission's filing requirements in the Company's original report that led to the Division's "not acknowledge" recommendation. The Company filed its revised Report presumably to remedy the deficiencies identified by the Division.

The revised report included a slightly revised "Table 1-Report Requirements" that corrected some page number errors identified by the Division and added a bit more granularity to where in the revised Report certain topics were discussed. However, as with the original Report, three of the items are said to be discussed on pages 8-33, which the Division continues to find unhelpful. The structure of the 2015 report probably does not lend itself to better detail. If this report is provided in future, the Division recommends that it be organized so that the specific reporting requirements can be more readily identified.

The next change in the revised report is on page 22 where the Company has added a short paragraph under "Customer Communications and Programs." Previously the Company had simply stated "No update since last report" under that heading.

On pages 25-26 the Company adds substantial additional discussion of a time-of-use irrigation pilot program in Oregon.

Appendix B-Smart Grid Technologies at Other Companies is significantly expanded from one project discussed in one short paragraph to five and one-half pages and several projects in Washington, Oregon, Idaho, Montana, Wyoming, California, and U.S. military installations in Colorado and Hawaii. This is reporting requirement 4 on Table 1. The Division concludes that the Company now has satisfied this requirement in the revised Report.

The revised Report made no significant improvements in satisfying requirement 3, “Upgrades or changes the Company is making relative to potential smart grid implementation and the related benefit-cost analyses.” In its July 29, 2015 Action Request Response regarding requirement 3 the Division noted that “Presumably the benefit-cost analyses are set forth in the confidential Attachment A. While the Company can argue that it has complied with this requirement, the Division notes that one has to search virtually the entire report and liberally interpret what is contained there in order to see the compliance with this requirement. The Division recommends that in any future reports, the Company set forth the compliance with this requirement in a recognizable section or provide in summary form how the report satisfies each of the reporting requirements.” This continues to be the Division’s position with respect to requirement 3.

Likewise the following comments regarding the eighth requirement on Table 1 continue to be the Division’s position: “The reference to the eighth requirement in Table 1 ‘A discussion of alignment of the demand-side resource standards approved by the Commission with the smart grid analysis’ omits the part in the Commission’s order that the Company was **to explain the relationship between the analysis provided in the Financial Summary and the demand side resource performance standards.** [Emphasis added]. The Division is unable to identify any meaningful discussion of the bolded portion of the above statement in the Report.”

Revised Report Table 1 indicates that report requirement 6 “The interaction of smart grid, rate structure, and customer behavior,” is satisfied on page 22, (“Customer Communications Programs” and “Demand Response”) and page 25 (Time-based Pricing). In the identified sections the Company discusses that “[a] web portal for customer interaction with their kilowatt

usage was evaluated.”¹ Cool Keeper DSM programs and irrigation load control programs. Apparently “Table 4-Class 1 DSM Levelized Costs for Utah (\$/kW-year)” intended to satisfy the “rate structures” portion of the requirement. While the discussion of these DSM programs and projects may be interesting, the Division still struggles to understand how this discussion satisfies reporting requirement 6.

Electric vehicles (report requirement 7) are discussed beginning on page 30.

The Company made no change to its discussion of microgrids in its revised Report. What is provided this year is copied verbatim from last year’s smart grid report. The Division does not consider the Report to be responsive to this report requirement.

The Company was directed by the Commission “to provide the worksheets and assumptions supporting the Financial Summary or other such analyses validating its results.” The Division stated in its July 29, 2015 Action Request Response that “the Financial Summary, Attachment A was filed as a pdf file so that a reader would have to try to recreate any formulae the Company used. The Division has been unable to identify documents, worksheets or other analyses that validated the results of Attachment A that would indicate compliance with this filing directive.” This continues to be the case with the revised Report.

Finally, the Division noted in its July 29, 2015 Action Request Response that “the Company was expected to file a notice with the Commission once it had complied with the directive to present its 2014 Smart Grid Annual Report to the DSM Advisory Group. The Division believes that such a presentation was made to the DSM Advisory Group on November 6, 2014. However, the Division has not found any indication that the Company followed-up with a notification to the Commission.” This remains the situation as of the date of this memorandum.

In its July 29, 2015 Action Request Response the Division raised the issue that continuing the annual smart grid report may not be presently worth the time and effort of the Company and the regulatory community. The Division suggested suspending the annual report for now, but also

¹ Revised Report, page 22.

offered some alternatives. The Division's preferred option is "to discontinue requiring the Company file a report until such time as there are clear indications that the smart grid landscape has changed in a significant way. In any case the Division believes that including extensive DSM-related discussions in this report are redundant to what the DSM groups are doing and should be eliminated. To the extent that smart grid informs DSM, it should be relative to new technologies that are on the horizon or are reaching a point where they might be implemented."²

CONCLUSION AND RECOMMENDATIONS

The Company now has complied with reporting requirement 5 and possibly reporting requirement 6 in its revised Report. However, the Division continues to believe that there remain significant reporting requirement deficiencies in the revised report as discussed above. Therefore the Division recommends that the Commission not acknowledge the revised Report.

The Division continues to recommend that the Commission reconsider the need and usefulness of the Smart Grid report going forward. The Division's preference is that the report be discontinued.

CC: Bob Lively, RMP
Michele Beck, OCS

² Division "Action Request Response," July 29, 2015, page 7