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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
Cheryl Murray, Utility Analyst
Gavin Mangelson, Utility Analyst

Date: December 8, 2015

Subject: Docket 15-035-T15

In the Matter of: Rocky Mountain Power's Proposed Revisions to Electric Service Schedule 193, Demand Side Management (DSM) Cost Adjustment

Background

Company DSM expenditures are recovered by a surcharge collected under Schedule 193 (Surcharge). On November 23, 2015 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) a proposal to change the Schedule 193 tariff, and increase the Surcharge; the Company filed this request with supporting exhibits and proposed tariff sheets. A Scheduling Conference was held on November 30, 2015.

Docket 14-035-T14

A previous increase to the Surcharge was filed by the Company on December 31, 2014 (Docket 14-035-T14). At that time the Company, having discussed the matter with the DSM Steering Committee, was proposing an increase to the Surcharge to be effective in early 2015; with the understanding that an additional increase would be necessary by the end of the year, and would be proposed in another filing.

The Division of Public Utilities (Division) requested that the Company provide information demonstrating a new Surcharge rate that would bring the balance of DSM costs to a near zero level without an additional increase at the end of the year.

However, end of year expense information attained after the initial filing revealed higher than expected levels of expenditure. These higher expenditures cast doubt as to whether or not the alternative one step increase would be sufficient to zero the balance without an additional increase later in the year.

Comments were filed by the Division, the Office of Consumer Services (Office) and Utah Clean Energy. Although the Utah Association of Energy Users (UAE) participated in the discussions of the DSM Steering Committee, they did not file Comments. The Office advocated adoption of the proposed rate of 3.62%, which was initially proposed as a one-step alternative, with the understanding that an additional surcharge increase would be evaluated toward the end of 2015. The Hearing for Docket 14-035-T14 was held on January 28, 2015. The Order Confirming Bench Ruling was issued on March 3, 2015; the Commission approved a surcharge increase to 3.62%.

UAE

The DSM Steering Committee met on October 23, 2015. Discussions were held regarding an additional increase in the Surcharge. At that time UAE expressed concern over the rising cost of DSM and further Surcharge increases. The Office also suggested that spending on certain programs could be reduced or that planned increases in spending be delayed.

On December 2, 2015, under Docket 15-035-48 regarding the Company's DSM Forecast, UAE submitted Comments suggesting that DSM costs were becoming too elevated and that an investigation into the Company's DSM programs and spending in general needed to be opened.

Discussion

The Office has analyzed the materials filed by the Company in this docket, and integrates the perspective from previous dockets and discussions regarding Schedule 193 and DSM in general.

The Company is proposing to increase the Schedule 193 surcharge to 4.0%. The Office has long advocated policies that allow for balances to fluctuate at or near zero during the short term. In light of the desire to reduce the balance to the DSM account and minimize the amount of carrying charges paid by ratepayers, the Office offered initial support to the Company's proposed increase.

However, the Office would like to understand better what exactly UAE desires from the DSM investigation requested in docket 15-035-48 before supporting an increase in the Schedule 193 surcharge. The Office joins UAE in expressing concern over the rising costs of the Company's DSM programs. Although costs in general are expected to steadily rise over time, the recent cost overruns have made cost recovery and a zero balance seem ever more elusive at surcharge rates that are agreeable to all interested parties.

Also, the Company has recently made several public announcements regarding initiatives for the 2016 Utah Legislative Session. These initiatives appear to propose material changes to the administration and use of the Schedule 193 account. The Office is concerned about increasing the budget for existing and new DSM programs at this time when the legislative initiatives have a likelihood of shifting the use of the money collected and consequently decreasing the DSM budget within a short time frame. The Office believes that DSM programs are best served with stable administration and clear budget expectations; the legislative initiatives appear at odds with these objectives.

The Office now asserts that given the current dynamics of potential legislative changes and the UAE request for an investigation, rather than approving the requested Surcharge increase at this time consideration should be given to the issues and concerns that have been raised.

The Office expects to be able to refine our position in reply comments once we have had an opportunity to review and consider comments, concerns and recommendations UAE may file related to the requested Surcharge increase.

Recommendation

At the present time the Office recommends that the Commission not approve the Company's request for an increase in the Schedule 193 surcharge. The Office's position may be modified in reply comments in this docket.

Copies To: Rocky Mountain Power
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