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July 12, 2016

Mr. Bob Lively, Manager State Regulatory Affairs
Rocky Mountain Power
1407 W North Temple, Suite 330
Salt Lake City, UT 84116

Re: *In the Matter of Rocky Mountain Power's Demand-Side Management 2015 Annual Energy Efficiency and Peak Load Reduction Report; Docket No. 16-035-17*

Dear Mr. Lively:

PacifiCorp, dba Rocky Mountain Power, filed its Demand-Side Management 2015 Energy Efficiency and Peak Load Reduction Report (2015 Report) on May 23, 2016. PacifiCorp filed the 2015 Report to comply with the Commission's orders in Docket Nos. 09-035-27 and 12-035-116, the latter of which extended the filing deadline of the annual DSM report to May 1st. PacifiCorp requested and was granted a three-week filing extension in this docket.

The Division of Public Utilities (Division), the Office of Consumer Services (Office), and Utah Clean Energy/Southwest Energy Efficiency Project (UCE/SWEEP) filed comments on the 2015 Report on June 22, 2016. PacifiCorp filed reply comments on July 6, 2016, responding to UCE/SWEEP's recommendations.

The Division recommends the Commission acknowledge the 2015 Report as complying with current reporting requirements. The Division observes the 2015 Report shows the portfolio passes all of the cost-effectiveness tests except the ratepayer impact cost test. The Division raises concerns regarding the cost effectiveness of the New Homes program suggesting the DSM Steering Committee needs to discuss changes to the program and provide recommendations to the Commission. The Division notes PacifiCorp did not meet its 135 MW load management target due to lower market adoption of the irrigation load control as compared to forecast. The Division also raises concerns regarding the effect of Senate Bill 115 (2016 General Session) on the approximately \$13.8 million under-collected balance in the Schedule 193 DSM Cost Adjustment and Tariff Rider Balancing Account and will continue to monitor it. The Division appreciates the work PacifiCorp put into the report and acknowledges the DSM program provides valuable energy and cost savings to PacifiCorp's customers.

The Office states it reviewed the 2015 Report and recommends the Commission acknowledge it as satisfying current reporting requirements. The Office notes the 2015 Report indicates total expenditures for

2015 were reduced by approximately \$20 million dollars compared to 2014 but this was anticipated as the additional \$20 million spent in 2014 was a result of the installation of upgraded devices for the Cool Keeper peak reduction program. The Office also notes the peak reduction of 115 MW in 2015 represents a 4-year low but peak reduction performance can be heavily affected by weather and the number of opportunities or events requiring employment of peak reducing equipment during the cooling/irrigating season. However, given the significant costs already incurred for the improved peak reduction equipment, the Office expects PacifiCorp will be able to demonstrate the value of these expensive upgrades within the next few years. Finally, the Office believes the reduction in estimated net benefits for 2015 should be interpreted as an indication that decrement values are being set to keep pace with realistic scenarios and that the DSM program is experiencing indications of having exhausted the “low hanging fruit”; an outcome members of the Steering Committee anticipated.

UCE/SWEEP observes the 2015 Report indicates PacifiCorp invested \$61.2 million in energy efficiency and peak load reduction during 2015, which yielded 311 GWh in first year energy savings and 2.7 million MWh of lifetime savings from energy efficiency acquisitions. UCE/SWEEP notes this is a significant improvement in electricity savings to DSM investment ratio, as compared to 2014. UCE/SWEEP believes achieving greater savings for lower costs shows a prudent use of ratepayer funds and demonstrates the continued cost effectiveness of energy efficiency as a utility resource. UCE/SWEEP applauds PacifiCorp for following through on its commitment to expand energy efficiency programs and energy savings as indicated in the current IRP. UCE/SWEEP requests the Commission direct PacifiCorp to provide additional information regarding customer classes, net economic benefits, peak load management, the low income program, the Refrigerator Recycling program, the Wattsmart business program, and the number of program participants in 2015 by program and measure type.

PacifiCorp appears to address all of UCE/SWEEP’s concerns in its reply comments except those pertaining to the Wattsmart business program and the number of program participants in 2015 by program and measure type. However, PacifiCorp agrees to work with UCE/SWEEP and provide this information in the 2016 Annual Report if feasible.

Based on the Commission’s review of the 2015 Report, the parties’ recommendations, and PacifiCorp’s response, the Commission acknowledges the 2015 Report complies with relevant Commission orders and reporting requirements. We encourage PacifiCorp to work with the parties to clarify and address all of the concerns raised in this docket.

Sincerely,

/s/ Gary L. Widerburg
Commission Secretary

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