



State of Utah  
Department of Commerce  
Division of Public Utilities

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## 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 8, 2016

Re: **RMP Advice No. 16-14, Schedule 193 Rate Adjustment – Demand Side Management (DSM) Cost Adjustment**

Docket No. 16-035-T15

## RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (Company) proposed change to the Schedule 193 surcharge collection rate from 4.0% to 3.68% for the 2017 program year.

## ISSUE

On November 23, 2016, the Company filed proposed tariff changes to Utah Tariff Schedule 193 Demand Side Management (DSM) Cost Adjustment with a requested effective date of January 1, 2017. On November 23, 2016, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule 193 and report its findings and recommendation to the Commission by December 8, 2016. Subsequently the Commission issued a Notice of Filing and Comment Period giving interested parties until December 9, 2016 to provide comments with

reply comments due December 16, 2016. The Division provides these comments in response to the Commission's Action Request.

## **DISCUSSION**

The purpose of this filing is to adjust the DSM surcharge rate to reflect the forecasted expenditures for 2017 including any outstanding balance from 2016. Exhibit A to the Company's filing provides the forecasted expenditures and revenue through December 2017. Exhibit B provides the forecast for the DSM balancing account at the current collection rate. At the current rate the Company projects the account balance will be over collected by approximately \$1.9 million at December 31, 2016 and over collected by \$6.4 million by the end of 2017. The Company's Exhibit C incorporates the requested DSM surcharge decrease from 4.0% to 3.68% for 2017 and forecasts an account balance at December 31, 2017 of approximately \$14.9 thousand. The average residential customer using approximately 8,377 kWh a year would see a \$2.93 annual decrease, or 0.3 percent on their monthly bill beginning January 1, 2017.

Pursuant to the Sustainable Transportation and Energy Plan Act (STEP) Utah Code § 54-7-12.8, beginning January 1, 2017 DSM expenditures will be booked by the Company as a regulatory asset and amortized over ten years. Funds collected by the DSM surcharge will be booked as a regulatory liability and will be available to offset accelerated thermal plant depreciation.

According to STEP, the carrying charge will no longer be applied at the DSM balancing account level but will be applied at the regulatory asset and liability level. The Company has incorporated this change in this filing.

The DSM Steering Committee met on October 26, 2016 and discussed the balancing account and agreed that a change to the collection rate is warranted. The Division will continue to monitor the DSM balancing account and will provide recommendations to the Company and the DSM Steering Committee if needed.

## **CONCLUSION**

The Division has reviewed the Company's filing and recommends that the Commission approve the Schedule 193 rate change to 3.68% for the 2017 year with an effective date of January 1, 2017.

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