



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, Manager

Brenda Salter, Utility Technical Consultant

Date: December 3, 2018

Re: **Rocky Mountain Power's Annual Demand Side Management November 1st
Deferred Account and Forecast Reporting, Docket No. 18-035-27**

Recommendation (Acknowledge)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (Company) Annual Demand-Side Management Deferred Account and Forecast Report for 2019 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 1, 2018, the Company filed its Annual Demand-Side Management Deferred Account and Forecast Report, which contains an analysis of the DSM balancing account and the forecast for 2019. On November 1, 2018, the Commission issued an Action Request to the Division to review the application and make recommendations on the Company's filing by December 3, 2018. Subsequently, the Commission issued a Notice of Filing and Comment Period for interested parties to submit comments on the filing on or before December 3, 2018 with reply

comments due December 18, 2018. This memorandum responds 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 1, 2018, the Company filed its 2019 Demand-Side Management Deferred Account and Forecast Report. The Division has reviewed the report and it appears to be in compliance with Commission Orders.

Attachment I, included in the report is the 2019 forecast savings compared to the 2017 Integrated Resource Plan (IRP) targets. According to the report, the Company's 2019 DSM forecast savings is expected to meet or exceed the IRP target. Class 1 DSM Load Control savings for 2019 is estimated to be equal to the 2017 IRP target of 135 MW. The Company has provided a range of expected 2019 Class 2 DSM savings beginning with 283,784 MWh and ending at 313,656 MWh. The Company has forecasted the midpoint of 298,720 MWh as achievable. The Class 2 forecasted savings of 298,720 MWh exceeds the 2017 IRP target of 255,190 MWh.

The Division understands that demand side management plays an integral part in the Company's resource need and as stated in the Commission's IRP Order in Docket No. 17-035-16, dated March 2, 2018:

The IRP process must be an open, public process through which all relevant supply-side and demand-side resources are investigated in the search for the optimal set of resources to meet the net current and future electric service needs at the lowest total cost to the utility and its customers, in a manner consistent with the long-run public interest, given the expected combination of costs, risks and uncertainty.

The DSM Program is part of a balanced resource planning process where resources are evaluated on a consistent and comparable basis. The Company has provided a 2019 DSM Program with forecasted savings equal to or exceeding the 2017 IRP target. The Company has also indicated

that the 2019 Budget is conservative if past program spending is taken into account (excluding the Cool Keeper equipment replacement costs).

In order to address an estimated over-collected balance of \$15.7 million by the end of 2018 and \$18.7 million by the end of 2019, on November 9, 2018, the Company filed to decrease the DSM Surcharge and provide a one-time refund of \$14.5 million in 2019.¹ The Company has asked for a January 1, 2019 effective date for the surcharge change and the one-time refund will be included on customers' February 2019 bills. The schedule change is currently pending with the Commission.

The Company's Attachment 2 provides the balancing account analysis excluding the decrease to the DSM Surcharge and one-time refund for the period ending December 31, 2019. Attachment 2 projects 2019 program expenditures of approximately \$65.1 million with the rate recovery of approximately \$64.6 million. As noted above, the balancing account is forecasted to be over-collected by \$18.7 million at the end of December 2019 without the Company requested adjustments.

Based on past performance and expected participation, the Company's 2019 DSM forecast is reasonable and flexible enough to include additional measure adoption if it arises. The Division will continue to monitor Schedule 193 and present additional recommendations if needed.

Conclusion

Based on its review of the Company's filing, the Division concludes that Company's 2019 Annual Forecast complies with Commission Orders.

Cc: Michael Snow, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services

¹ Docket No. 18-035-T05, Schedule 193 Rate Adjustment