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JMB 2/23/95

Original

BEFORE THE

COMMISSION OF UTAH FEB 20 AM '95

In the Matter of the Rate making)
Treatment of Demand-Side Resources)
and the Analysis of Regulatory Changes)
to Encourage Implementation of)
Integrated Resource Planning)

UTAH PUBLIC SERVICE COMMISSION
DOCKET NO. 92-2035-04
PETITION FOR
APPROVAL OF A
JOINT AGREEMENT

The Division of Public Utilities ("Division"), PacifiCorp, dba Utah Power ("Company"), the Office of Energy and Resource Planning ("OE&RP"), and the Environmental Intervenors ("EI"), hereinafter collectively referred to as the "Parties", hereby apply to the Public Service Commission of Utah ("Commission") for an Order approving a Joint Agreement, a copy of which is attached hereto as Exhibit A.

In support of this Application, the Parties state as follows:

1. In its February 10, 1994, Order in this Docket that approved a Joint Recommendation which established an interim policy for the regulatory treatment of demand-side resource activities, the Commission stated:

The Commission finds that the provisions of the Joint Recommendation's proposed accounting mechanism, including the carrying charge and amortization provisions of the proposed mechanism, are a reasonable and proper way to account for PacifiCorp's 1994 DSR costs, including its NLR, and energy service charge payments it receives from customers during 1994. The proposed accounting mechanism provides PacifiCorp with appropriate direction regarding the accounting treatment for its 1994 DSR activities, while reserving prudence and rate recovery decisions for an appropriate case.

The Commission finds that the Joint Recommendation is just, reasonable and in the public interest and should be approved in its entirety.

2. Based on the Commission's order the Parties and representatives of other interested parties have met in a Cost Recovery Collaborative during 1994 to implement the Joint Recommendation and examine the issues described in it.

3. The Parties are now preparing a report to the Commission to be submitted on March 31, 1995, describing the results of the 1994 Joint Recommendation and the conclusions and recommendations of the Cost Recovery Collaborative (CRC). Assembling the volumes of work into a conclusive body of evidence will take several months. The Parties are presently aware of the work accomplished and conclusions likely to be reached by the CRC's various subcommittees.

4. The Parties believe that it is necessary to continue to remove DSR disincentives and provide direction to PacifiCorp's DSR efforts during the period between the expiration of the 1994 Joint Recommendation and Commission action on the March 31, 1995 CRC Report. Continuity and consistent direction are important to assure that PacifiCorp sets appropriate levels of DSR in Utah in the RAMPP IV report and in setting corporate budgets for 1995 and 1996.

5. The Parties also believe that certain aspects of DSR cost recovery deserve additional study before embracing a long term policy on cost recovery. The final report of the CRC will specify issues for continuing study. The new Joint Agreement narrows the scope of issues being addressed in 1995 and 1996 because the work of the CRC's subcommittees resolved a number of concerns of the Parties.

6. Therefore the Parties have agreed to a second accord entitled the "Joint Agreement". This agreement is for a two year term, 1995 and 1996. It establishes a framework for the regulatory treatment of DSR program costs and net lost revenue during this period that is similar to the prior Joint Recommendation but with significant improvements based upon the experience gained by the parties during the implementation of the prior Joint Recommendation. This agreement contains goals for PacifiCorp's DSR acquisition in Utah and requires quarterly meeting of interested parties to review and discuss DSR issues.

7. The Parties submit that the Joint Agreement will continue to encourage the reasonable

development of Commission approved DSR programs in Utah during 1995 and 1996. It will provide the Commission and the Parties with additional information to formulate a longer-term DSR policy, and is otherwise in the public interest.

WHEREFORE, the Parties respectfully request an order of the Commission approving the Joint Agreement and authorizing the accounting and regulatory treatment specified in the Joint Agreement.

Dated this 15 day of February 1995

Respectfully Submitted

By Frank Johnson
Frank Johnson, Director
Division of Public Utilities