



UTAH POWER & LIGHT COMPANY

ELECTRIC SERVICE SCHEDULE NO. 125

STATE OF UTAH

**Commercial & Industrial Energy Services
Optional for Qualifying Customers**

PURPOSE: Service under this schedule is intended to reduce the energy requirements of new and existing loads in Commercial and Industrial Facilities, by promoting energy efficient design and the installation of Energy Efficiency Measures.

AVAILABILITY: In all territory served by Utah Power & Light Company in the State of Utah. Service under this tariff will be limited to \$4,000,000 of Energy Efficiency Payments per calendar year. Energy Efficiency Payments to individual customers will be limited to \$600,000 per calendar year.

APPLICABLE: To service under the Company's General Service Schedules in all territory served by the Company in the State of Utah. This schedule is not applicable to existing Commercial Buildings under 20,000 square feet in area. Charges under this schedule will be in addition to the electric service charge under the Customer's applicable electric service schedule. **THE OBLIGATIONS UNDER THIS SCHEDULE WILL APPLY TO ALL CUSTOMERS USING ELECTRICITY AT THE REAL PROPERTY SPECIFIED BY AN ENERGY SERVICES CONTRACT.**

DESCRIPTION: Service under this program is available to improve the energy efficiency of applicable Retrofit Commercial Buildings (except those under 20,000 square feet in area), New Commercial, and New and Retrofit Industrial Facilities connected to Company's system. The Company may provide the Energy Efficiency Payments which result in the installation of Energy Efficiency Measures, and also may provide for evaluation studies and inspections related to such Measures. Upon completion of Measures installed under this program, and funded by Company, Company will bill the Customer (and if the Customer does not timely pay, the Owner) an Energy Service Charge as specified by this schedule.

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EFFECTIVE:

ELECTRIC SERVICE SCHEDULE NO. 125 - Continued

DEFINITIONS:

Annual kW Savings: The annual kW savings resulting from installation of the Energy Efficiency Measures, as estimated by Company using engineering analysis.

Annual kWh Savings: The annual kWh savings resulting from installation of the Energy Efficiency Measures, as estimated by Company using engineering analysis.

Baseline Level:

New Commercial: Estimated electric energy use by equipment, system, or end-use, occurring from compliance with current energy code requirements or from the implementation of the Owner's building plans, whichever is less.

Existing Commercial: Estimated electric energy use by equipment, system, or end-use to occur from implementation of Owner's remodeling plans initially presented to Company. If Owner has no remodeling plans, Company shall establish a baseline for Owner's Commercial Building.

New Industrial: Estimated electric energy use of the more efficient practice between the customer's industry standard practice and the customer's own facility's standard practice as determined by the Company. Baseline Level may be adjusted when actual production history becomes available.

Existing Industrial: Estimated electric energy use by existing processes, equipment and systems normalized by reasonable annual average production volume of the new energy efficient equipment.

Credit Level: Owner and any Successor Owner's credit worthiness shall be classified into either low, medium or high risk Credit Level using a scoring procedure which includes normal credit industry procedures and measures.

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued**DEFINITIONS:** (continued)

Commercial Building: A structure that is served by Company and meets the applicability requirements of this tariff at the time an Energy Services Agreement is entered which does not meet the definition of an Industrial Facility.

Customer: Any party who has applied for, been accepted and receives service at the real property identified in the Energy Services Agreement. The term Customer includes the Customer at the time an Energy Services Agreement is executed and any successor Customer at the time an Energy Service Charge billing becomes due.

Energy Efficiency Measures: Permanently installed measures specified in an Energy Services Agreement which can reduce the Customer's electric energy use.

Energy Efficiency Payments: Any payments of money made by Company to Owner for installation of Energy Efficiency Measures pursuant to an Energy Services Agreement. Energy Efficiency Payments also shall include Company's direct costs of implementing the Energy Efficiency Measures, including the cost of materials, installation, energy design, and ongoing support as specified in the Energy Services Agreement. Energy Efficiency Payments for commercial facilities shall be either:

- (a) Level 1 Energy Efficiency Payments--Energy Efficiency Payments which do not exceed the Measure Funding Limit.
- (b) Level 2 Energy Efficiency Payments--Energy Efficiency Payments which exceed the Measure Funding Limit. The Level 2 Energy Efficiency Payments may not exceed, for any Energy Services Agreement, the amount of the Level 1 Energy Efficiency Payments. The maximum Level 2 Energy Efficiency Payments for any individual Energy Efficiency Measure shall not be more than the applicable Measure Funding Limit.

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued

DEFINITIONS: (continued)

Energy Services Agreement: An agreement between Owner and Company providing for Company to furnish or provide Energy Efficiency Payments with respect to Energy Efficiency Measures pursuant to this tariff schedule. The Melded Interest Rate offered in an unexecuted Energy Services Agreement shall expire upon the earlier of the date specified or 30 days after the date of issuance.

Industrial Facility: Buildings and process equipment associated with manufacturing.

Maximum Term: The Maximum Term of the Energy Services Agreement shall be the shortest of the following: the average life of the installed Energy Efficiency Measures weighted by Annual kWh Savings; the building's useful life determined by an asset life worksheet prepared by Company; or, based on Credit Level, as follows:

<u>Credit Level</u>	<u>Maximum Term</u>
Low Risk	144 Months
Medium Risk	120 Months
High Risk	60 Months

Measure Performance Guarantee (Optional): The Energy Services Agreement may specify a measure energy savings performance guarantee. If such guarantee is given, and the Company's verification indicates that average Monthly kWh Savings are less than 85 percent of the amount specified in the Energy Services Agreement, the Energy Service Charge amount shall be reduced by one percent for each percent of savings below the 85 percent threshold. This guarantee is available for existing commercial and industrial loads and new commercial loads. This is not available for new industrial loads.

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued**DEFINITIONS:** (continued)

Melded Interest Rate: An interest rate which is the sum of the interest rates specified in (a) and (b) below--

- (a) For Level 1 Energy Efficiency Payments:
 - (1) The interest rate ten working days prior to Company issuance of the Energy Services Agreement for U.S. Treasury Securities for a comparable term, as published weekly in the Federal Reserve Statistical Release, plus one and one-half percentage points for Energy Services Agreements with terms of ninety-six months or less, and plus three percentage points for Energy Services Agreements with terms greater than ninety-six months,
 - (2) multiplied by the percentage of all Energy Efficiency Payments for which the interest rate is computed pursuant to this part (a).
- (b) For Level 2 Energy Efficiency Payments:
 - (1) the interest rate ten working days prior to Company issuance of the Energy Services Agreement for U.S. Treasury Securities for a comparable term, as published weekly in the Federal Reserve Statistical Release, plus four percentage points,
 - (2) multiplied by the percentage of all Energy Efficiency Payments for which the interest rate is computed pursuant to this part (b).

-- provided that such Melded Interest Rate shall not exceed the highest interest rate permitted under applicable law.

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued**DEFINITIONS:** (continued)

Monthly kW Savings: One-twelfth of the Annual kW Savings resulting from installation of the Energy Efficiency Measures, as estimated by Company using engineering analysis.

New Commercial Building: A structure or addition to a structure that is not an Industrial Facility and that is completed after the date of this tariff.

New Load: Loads for a New Commercial Building, plant or industrial process that had not previously existed, and loads from added capacity to an existing industrial process line or added square footage and facilities to a Commercial Building. In the case of new loads resulting from added capacity to an existing process line, only incremental load associated with an increase in process capacity will be considered new load. Existing processes where hours of operation are increased are not considered new loads.

Owner: The person who has both legal and beneficial title to the real property specified in an Energy Services Agreement or who is the mortgagor under a duly recorded mortgage or the grantor under a duly recorded deed of trust or a purchaser under a duly recorded agreement with respect to such real property. The term Owner includes the Owner at the time an Energy Services Agreement is executed and any successor Owner at the time an Energy Service Charge billing becomes due.

Performance Guarantee Interest Rate (Optional): The interest rate no more than ten working days prior to Company issuance of the Energy Services Agreement for U.S. Treasury Securities for a comparable term, as published weekly in the Federal Reserve Statistical Release plus five percentage points, provided that such interest rate shall not exceed the highest interest rate permitted under applicable law.

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FILED: March 15, 2001

EFFECTIVE:



ELECTRIC SERVICE SCHEDULE NO. 125 - Continued

DEFINITIONS: (continued)

Security Requirement: The Company will require collateral or a Letter of Credit from Owner and any successor Owner, based on Credit Level as follows:

<u>Credit Level</u>	<u>Security Requirement</u>
Low Risk	None
Medium Risk	Collateral (at Company's Option)
High Risk	Letter of Credit or Guarantee from a third party With Low Risk

The terms **Customer** and **Owner** include the singular and the plural as the context requires.

Termination Charge: The remaining principal balance of the Energy Services Agreement. When the termination charge is triggered, this payment becomes due and payable in full after the required notice.

ENERGY SERVICE CHARGE: Customer (and if Customer does not timely pay, the Owner) shall pay an Energy Service Charge for Energy Efficiency Measures for which Company has made Energy Efficiency Payments pursuant to this tariff. The Energy Service Charge shall commence on the date specified by the applicable Energy Services Agreement and shall continue for the term as specified in the Energy Services Agreement. The Energy Service Charge shall apply to all service provided to the real property identified in such agreement, without regard to changes in ownership or changes of use of such real property, unless the Energy Service Charge is terminated as provided herein.

As specified in the Energy Services Agreement, the monthly Energy Service Charge is that monthly payment required to repay the Energy Efficiency Payments, with interest at the Melded Interest Rate, or the Performance Guarantee Interest Rate as applicable, in equal monthly payments over the term specified in the Energy Services Agreement.

The payments required by this tariff are the obligation of the Owner and of the Customer receiving service from time to time during the term of the Energy Services Agreement.

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Filed Under P.S.C.U. Docket No. 01-035-01, Advice No. 01-04.



ELECTRIC SERVICE SCHEDULE NO. 125 - Continued

Separately Metered Tenants: The allocation of the Energy Service Charge among any Customers who are separately metered tenants benefiting from the installation of the Energy Efficiency Measures shall be as specified in the Energy Services Agreement.

Option to Prepay Energy Service Charge: Customer or the successive Owner may fulfill its obligation under this schedule at any time by paying the Termination Charge.

TERMINATION OF ELECTRIC SERVICE: If Customer ceases taking electric service from Company at the real property identified in the Energy Services Agreement, or Company terminates Customer's electric service in accordance with this schedule or its General Rules and Regulations, the Termination Charge shall become immediately due and payable by Customer and Owner. The obligations of Customer and Owner to pay the Termination Charge shall be joint and several. A Customer or Owner may be released from the obligation to pay the Termination Charge if the Customer's or Owner's obligations under the Energy Services Agreement are assumed by a successor Customer or Owner and such assumption is accepted by Company.

Company has the right to terminate electric service at the real property identified in the Energy Services Agreement for nonpayment of any monthly Energy Service Charge. Termination of electric service shall be in addition to all other remedies available to Company.

MEASURE FUNDING LIMIT: Company may provide Energy Efficiency Payments to Owner equal to the lesser of Company's estimate of the cost of each qualified Energy Efficiency Measure or the Measure Funding Limit. Modeling costs attributable specifically to an Energy Efficiency Measure will be included in determining the Measure Funding Limit. The Measure Funding Limit for each Energy Efficiency Measure provided by Company shall be determined by the sum of (a) and (b) below:

- (a) The measure's estimated Annual kWh Savings beyond Baseline Level where applicable, or for Company-recommended measures, the measure's estimated Monthly kWh Savings, multiplied by the following amounts:

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued

\$.1614 per kWh for measures with an expected life of 10 years.
\$.2201 per kWh for measures with an expected life of 15 years.
\$.2692 per kWh for measures with an expected life of 20 years.
\$.3448 per kWh for measures with an expected life of 30 years.

(b) The measure's estimated Monthly kW Savings beyond Baseline Level where applicable, or for Company-recommended measures, the measure's estimated Annual kW Savings, multiplied by the estimated number of months per year of such Monthly kW Savings multiplied by the following amounts:

\$27.14 per kW for measures with an expected life of 10 years.
\$45.09 per kW for measures with an expected life of 15 years.
\$59.08 per kW for measures with an expected life of 20 years.
\$78.49 per kW for measures with an expected life of 30 years.

For measures where kW savings are not available, the following load factors shall be applied for the purpose of computing the Measure Funding Limit:

Commercial Building Energy Efficiency Measures - 60%
Industrial process Energy Efficiency Measures - 70%

Industrial Facilities Energy Efficiency Measures which cost more than the Measure Funding Limit will be funded only if the energy efficiency improvements to the industrial process are cost effective on a total resource cost basis.

PROVISIONS OF SERVICE:

(1) **Energy Analysis:**

Company shall meet with Customer or Owner and any design team and may perform a preliminary energy analysis to determine what Energy Efficiency Measures may be appropriate for further design and energy savings analysis.

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued**(2) Energy Design:**

Before funding any energy design or detailed energy analysis, Company shall require Owner to sign a Design Development Letter. If Owner enters into an Energy Services Agreement within 60 days after Company provides an Energy Design Report and owner installs all of the recommended Energy Efficiency Measures, then Owner will not be charged for the Energy Design Report.

- * If Energy Design Report or detailed energy analysis shows Energy Efficiency Measures that would provide energy savings and other economic benefits to Owner in excess of the Energy Service Charge and Owner does not enter into an Energy Services Agreement, within sixty (60) days after Company provides an Energy Design Report or detailed energy analysis to Owner, then Company may charge Owner one-half of Company's costs of the energy design, but not to exceed an amount specified in the Design Development Letter. The Design Development Letter shall include, but not be limited to, the above provisions.

If Owner enters an Energy Services Agreement to install some, but not all of the recommended Energy Efficiency Measures, Owner will pay the above cost to the Company, multiplied by the ratio of the energy savings from the recommended measures not included in the Energy Services Agreement to the total energy savings shown in the Energy Design Report or detailed energy analysis.

- If Customer demonstrates to Company's satisfaction that 50% of the kWh savings from Energy Efficiency Measures recommended in the Energy Design have been installed, and Customer does not sign an Energy Services Agreement, the cost of the Energy Design or detailed energy analysis will be waived.

(3) Measure Inspection:

Company may inspect any Energy Efficiency Measure which is funded by this program to ensure that it meets the requirements specified in the Energy Services Agreement.

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ELECTRIC SERVICE SCHEDULE NO. 125 - Continued

(4) **Measure Performance Verification:**

Company may verify the energy savings of installed Energy Efficiency Measures as specified in the Energy Services Agreement. This verification may include pre- and post-installation of monitoring equipment and review of plant operation characteristics as necessary to quantify actual energy savings.

(5) **Contract Recording:**

Company will record contracts or related memoranda with respect to this tariff in the applicable real property records, to provide notice of the Energy Service Charge obligations to future owners who take electric service at the real property referenced in the contracts or memoranda.

RULES AND REGULATIONS: Service under this Schedule is subject to the General Rules and Regulations contained in the tariff of which this Schedule is a part, and to those prescribed by regulatory authorities.