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## MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities  
Phil Powlick, Director  
Energy Section  
Artie Powell, Manager  
Thomas Brill, Technical Consultant  
Abdinasir Abdulle, Technical Consultant

Date: July 15, 2010

Re: Docket No. 10-035-T09 – Schedule 115 – Commercial and Industrial Energy Efficiency  
Incentives Optional for Qualifying Customers – FinAnswer Express

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### RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Commission approve Rocky Mountain Power's (RMP or Company) proposed changes to the FinAnswer Express (Schedule 115) program effective July 24, 2010.

### ISSUE

On June 24, 2010, RMP filed its proposed changes to its Schedule 115 along with the cost-effectiveness tests supporting the changes. These proposed changes include changes in measure qualifications, incentives, or administrative changes. On June 29, 2010, the Commission issued an Action Request, requesting that the Division investigate the proposed changes, review the Tariff for compliance, and report back by July 24, 2010. This memorandum is the Division's response to the Commission Action request.

## **DISCUSSION**

In its Advice Letter No. 10-09, filed with the Commission on June 24, 2010, the Company proposed a number of changes to the qualifications and/or incentives for several specific energy efficiency measures in its FinAnswer Express program. The Company also proposed some administrative changes. The changes in measure qualifications include upgrades to the lighting, motors, and mechanical and other energy efficiency measures. These changes were intended to align the measure qualifications with changes to energy efficiency standards. Given the fact that energy efficiency standards are periodically modified, the Company must keep up with these modifications and adjust the program accordingly. Absent these modifications, the program would be out of compliance with energy efficiency standards. These changes would not impact program cost effectiveness. Therefore, the Division believes that these changes are reasonable and should be approved.

Regarding the changes in the measure incentive levels, the Company proposed the addition of a Green Motor Rewind option with incentives for the customers (\$1/horsepower) and service centers (\$2/horsepower). For HVAC equipment measures that are required by the Federal efficiency standards, the Company proposed to remove the \$50/ton incentive and add equipment efficiency tiers that align with Consortium for Energy Efficiency (CEE) Tiers 2 and 3 and provide \$75 and \$100/ton incentives, respectively. For the vertical solid door refrigerators and freezer measures, the Company proposed to add a fourth tier to the current three tiers of cubic volume and incentives and then align incentives across all four tiers. All of these changes in the incentive level are not expected to significantly affect the cost-effectiveness of the related measures and overall program cost-effectiveness.

The Company has provided the cost-effectiveness tests for motor and HVAC measures. The results of this benefit-cost analysis indicate that both measures are cost-effective from the TRC, UCT, and PCT perspectives. The Company did not provide the cost-effectiveness test for the program as a whole with the proposed changes. However, the Company pointed to the program cost-effectiveness tests provided in the 2009 DSM Annual Report filed with the Commission on March 31, 2010, which showed that the program was cost-effective from the TRC, UCT, and

PCT perspectives. The Division believes that since the proposed changes to the motor and HVAC measures were the only changes that could have a significant impact on the cost-effectiveness of the program and both measures passed the cost-effectiveness test, the program as a whole should also be cost-effective from the TRC, UCT, and PCT perspectives.

Other changes to the tariff include (1) the addition of Schedule 15 (Nighttime Outdoor Lighting) to the list of the Company's General Service Schedules for which this tariff is applicable; (2) moving electrically commutated motors and HVAC variable frequency drives to a new incentive table for other motor measures; and (3) some minor language changes. The Division does not object to these changes.

The Division concludes that the measure qualification and incentive changes and the administrative and language changes are appropriate and the program is still cost-effective with these changes. Therefore, the Division recommends the Commission approve the Company's proposed changes.

CC: Michele Beck, OCS  
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