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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission of Utah

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Section Manager
Abdinasir Abdulle, Technical Consultant
Thomas Brill, Technical Consultant

Date: March 31, 2011

Re: Docket No. 11-035-44 – Promotional Program

RECOMMENDATION (CONDITIONAL APPROVAL)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) conditionally approve Rocky Mountain Power's (Company) proposed promotional program. The Division recommends that the Commission direct the Company to explain prior to initiating the program how the prizes will be awarded and how it will ensure that prizes will go toward the purchase of energy efficiency or efficient appliances.

ISSUE

On March 7, 2011, the Company filed an application seeking Commission approval for its proposed promotional program. The promotional program is intended to increase participation in the Company's demand side management (DSM) programs in Utah. On March 8, 2011, the Commission issued an Action Request for the Division to investigate the proposed promotion program and report its findings and recommendation to the Commission by March 31, 2011. This memorandum represents the Division's response to the Commission's Action Request. The Company requested an effective date of April 6, 2011.

DISCUSSION

The Company proposed to implement a promotional program as part of its *wattsmart* DSM communications and outreach campaign. This promotional program is intended to increase participation in the Company's DSM programs. In this program, residential customers will submit a video showing how they are being *wattsmart* by using electricity efficiently in their homes. Entries will be accepted online or by mail between April 13, 2011 and June 15, 2011. A panel of judges assembled by the Company will select the winning entrants based on (1) how they demonstrate efficient use of energy and actions that can be taken to conserve electricity at home; (2) how effective the energy efficiency and conservation message is; and (3) message creativity and presentation.

The winning entrants will receive the following prizes:

Category	Number of Winners	Prize
Best Video	1	\$10,000
Best Video Runner Ups	2	\$2,500
People's Choice	1	\$2,000

In its filing, the Company indicated that the winners can use their prizes for either the installation of energy efficient improvements in their residence or the purchase of an energy efficiency appliance. However, the filing does not make it clear how these prizes will be transferred or how the Company intends to ensure that the prize money is spent on energy efficient improvements or appliances. The Division believes that there needs to be some language assuring that the money is used for the end it was intended for.

Rule R746-404-3(d) states, "The promotional program must be reasonably expected to promote the interests of the utility and its customers. There must be a demonstrable net ratepayer benefit."

In accordance with this Rule, the Company indicated that the program will

- (1) Increase awareness in electricity conservation efforts and the associated benefits;

- (2) Demonstrate simple cost-effective actions that customers can take to conserve electricity;
- (3) Demonstrate that many conservation measures are easily undertaken, cost-effective, and reduce energy costs; and
- (4) Increase awareness of and participation in Rocky Mountain Power's DSM programs, thereby increasing the electric savings acquired through these programs.

The Division reviewed the Company's application in light of Rules R746-404-1 through R746-404-3 and the Commission Order in Docket No. 10-035-T10, dated August 9, 2010, regarding promotional concession campaign in the Blue Sky Block program. In this Order, the Commission stated,

We find it is reasonable for the Company to endeavor to obtain additional information to identify barriers to participation in the Blue Sky Program and ways to enhance the program participation and effectiveness.

As with the promotional Blue Sky program, the Division believes that it is reasonable to expect the above list of benefits to follow from the proposed promotional program. That is, the Division believes it is reasonable to assume that the proposed promotional program will promote the interests of the utility and its customers. Demonstrating a positive net benefit will be, similar to the Blue Sky promotional program, problematic. However, the Commission's order in that previous case, Docket No. 10-035-T10, states,

The use of a crowd-sourcing application coupled with an incentive appears to be a novel, efficient way to disseminate information and obtain feedback about the program. **Provided the costs of promotional effort have no material impact on the Blue Sky program administrative and marketing costs**, we approve the proposed promotional campaign. (Emphasis added).

For program implementation cost, the Company indicated that these costs “will be reflected in the standard economic tests performed on the Utah demand side management program portfolio results for the 2011. Inclusion of these costs in the 2011 economic tests is not expected to negatively impact the test results.” The Division concurs with this assessment. The total costs of approximately \$80,000 for the proposed promotional program are a relatively small proportion (approximately 5%) of the Wattsmart promotional budget of \$1.5 million. Hence, the Division believes that the proposed promotional program is in accordance with Rules R746-404-2 and R746-404-3.

Therefore, the Division recommends that the Commission conditionally approve the proposed promotional program. The Division recommends that the Commission direct the Company to explain prior to initiating the program how the prizes will be awarded and how it will ensure that prizes will go toward the purchase of energy efficiency or efficient appliances.

CC: Dave Taylor, RMP
Michele Beck, OCS