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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services
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Division of Public Utilities
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Date: May 2, 2012

Subject: Docket No. 12-035-77 re: 08-999-05, "Home Energy Reports"
Recommendation

Background

Rocky Mountain Power (the Company) filed with the Commission its "Review of Home Energy Reports" (the "Review") on February 28, 2011. Parties commented on the Review and on June 6, 2011, the Public Service Commission of Utah (the Commission) issued an order for the Company to review report features and participation levels with the DSM Advisory Group. In following the process outlined by the Commission in its June 6 order, the Company and parties in the DSM Advisory Group reviewed aspects of the Home Energy Report (HER) including report features, participation levels, pilot duration, study methodology, opt-out features, etc. The Company requested approval to implement a HER pilot to investigate the effectiveness of such a report on consumer behavior on April 13, 2012. The Company cited in this HER proposal where areas of agreement were reached and where they were not among parties. There was agreement with most of the proposed concepts within this filing. Areas of disagreement will be discussed in the "Discussion" section of this memo.

Discussion

Parties had two areas of disagreement regarding the HER.¹ The first issue was the duration of the pilot. The proposed HER pilot duration, two eighteen month periods with a trailing six months, allows for two sets of report evaluations if necessary. SWEEP objected to this duration as being overly long to evaluate the HER program. The Office agreed with other parties that the duration of the pilot was sufficient to evaluate the HER program. The duration can be shortened as needed based on the results of the initial eighteen month evaluation. Also, the additional time provides an opportunity to expand the customer composition if appropriate. The Office supports the pilot duration as proposed by the Company in this filing.

The second issue was over the participant composition. Initially the Office expressed concerns about how the pilot would account for customer behavior for the average use customer. The Company proposed a pilot sample consisting of high usage customers. After additional discussions with the Company, the Office now supports the participant composition. The Company indicated that in the second evaluation cycle, a sample including average use customers could be evaluated to better understand the Utah market, depending on the initial results. It should be noted that if the program isn't cost-effective with high usage customers, it wouldn't likely be cost-effective with average use customers of a similar sample size. Finally, the Office notes that the current level of cost effectiveness is based upon the contractual terms negotiated with the parameters as filed. Any changes to the participants would likely have a negative impact on the cost effectiveness. While the Office supports evaluating average usage customers in the pilot, the HER pilot should go forth with the current sample proposed by the Company. In the Office's view, the current, favorable contractual terms and the ability to increase the sample in the latter periods of the pilot outweigh the need to include more average usage customers at the outset.

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Recommendation

The Office recommends the following to the Commission:

1. Approve the HER proposal as filed in Docket No. 12-035-77
2. Encourage the Company to consider inclusion of average use customers in the latter periods of the pilot based on results of the first evaluation.

¹ The Office notes that there was some misunderstanding among the DSM Advisory Group regarding the proposed program. It is our view that those types of issues could be resolved more effectively and efficiently in the DSM Steering Committee if approved by the Commission.