



Salt Lake City, Utah 84111

201 South Main, Suite 2300

September 2, 2014

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attn: Gary Widerburg
Commission Secretary

RE: Extension and expansion of Docket No. 12-035-77 - In the Matter of the Request for a Home Energy Report Pilot Program

Rocky Mountain Power (“Company”) hereby submits for filing a request to extend and expand the Home Energy Report (“HER”) pilot program. The program was approved by the Utah Public Service Commission (“Commission”) by Order, issued May 15, 2012 in Docket No. 12-035-77. The Company seeks to recover associated costs through Schedule 193, the Demand Side Management (“DSM”) Cost Adjustment. The Company will provide an electronic version of this filing to psc@utah.gov.

Home energy reports are designed to better inform residential customers about their energy usage by providing comparative energy usage data for similar homes located in the same geographical area. In addition, the report provides the customer with information on how to modify their energy usage. Equipped with this information, customers can modify behavior and/or make structural, equipment, lighting or appliance changes to reduce their overall electric energy consumption.

The Company proposes to extend and expand its 41 month pilot program in the Company’s service territory. The program will:

- Extend the term an additional two years, through December 31, 2017, for those household’s currently receiving home energy reports under the initial pilot program (currently 79,700 households).
- Expand the number of households receiving reports to an additional 200,000 customers.
- Provide access to the program administrator web portal with energy usage information and provide an audit tool and energy savings tips to 525,000 remaining Utah households.

Key elements of this request include:

- Program background
- Evaluation results
- Scope of the expansion
- Cost effectiveness
- Stakeholder involvement

Background

In August 2012, the Company began providing 94,500 households within the Company's Utah service area with Home Energy reports. The original number of households receiving reports has diminished over time due to normal attrition from customer move outs and to a lesser degree customers opting out of receiving a report. Over the initial 18 months of the pilot, program participation has declined by just under 1% due to customer opt outs. The comparatively low opt out rate suggests there is high satisfaction among the customers currently receiving the reports. The pilot program resulted in customer energy savings of 32,299 MWh's for 2013¹. The reported savings and positive cost effectiveness results outlined below support the Company's request to extend and expand the program.

Evaluation Results

The Company contracted with Navigant Consulting, Inc. to conduct the initial 18 month evaluation, reviewing and confirming the reported pilot program results from August 1, 2012 through January 31, 2014. Navigant completed their evaluation in June 2014, and found that the Home Energy Reports pilot program exceeded the expected savings forecast and was cost effective. The evaluation finds that participating customers reduced their energy consumption by 2.05% (net of measures installed and accounted for in other company program savings) as reported in Exhibit A, of the June 18th, 2014 Home Energy Reporting Program – 18 month evaluation report. Cost effectiveness results for the 18 month pilot are 2.40 for the TRC and UCT.

Scope of the Expansion

Due to the solid results of the pilot program over its initial 18 months, the Company requests approval to extend the initial pilot program an additional two years, through December 2017, and to expand the current number of homes receiving reports by an additional 200,000. The Home Energy Reports program pilot was designed to maximize the cost effectiveness of the program by initially targeting residential customers in the highest quartile of energy use, those households with an average annual usage of approximately 16,215 kWh per year. The pilot program performance results support the addition of a second phase that will expand participation to include residential customers with annual usage closer to the Company's average Utah household usage of 10,653 kWh per year. This expansion will increase participation of households with usage in the 1st, 2nd,

¹ 2013 Energy Efficiency and Peak Reduction Report Appendices - http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2014/2013-Utah-Annual-Report-Appendices-FINAL071814.pdf

and 3rd quartiles, effectively maximizing the number of Rocky Mountain Power households that can be served cost-effectively through the program.

Move-out/Opt-out

In assessing the cost effectiveness of the expansion, the Company assumed similar participation attrition rates as the initial pilot, approximately 9% from customer move outs and less than 1% from customers opting out. These rates align with what the program’s administrator has found in other jurisdictions in which the program is offered.

Expected Energy Savings

The table below shows expected energy savings for both the extension and the expansion. The expected savings forecasts were informed by the performance of the initial pilot program.

Table 1 - Expected Energy Savings Forecast (MWh/year)

Savings Forecast (MWh/year – site)	Program Year 2014	Program Year 2015	Program Year 2016	Program Year 2017
Utah Extension – Expected Savings	26,751	25,640	33,085	30,556
Utah Expansion – 200K – Expected Savings	3,212	31,160	37,845	38,196

Frequency of energy reports and delivery mechanisms

The 79,700 customers currently participating in the initial pilot program will continue to receive bi-monthly home energy reports until December 31, 2017. Each participating customer will receive an additional 12 reports over the term of the program extension (2016 - 2017). The 200,000 households in the expansion group will receive monthly reports for the initial three months of the expansion period to familiarize customers with the reports and information and then move to a bi-monthly schedule. Each participating household in the expansion group will receive a total of 21 reports between September 2014 and December 2017. Customers may request an electronic version delivered via email.

As part of the expansion, all residential households served by the Company in Utah, in addition to those participating in the program, will have access to the program’s web portal containing the same information about their usage and past usage as those receiving program reports. The web portal will have other functions to assist customers such as a home energy audit tool and suggestions to improve energy conservation and efficiency in their home.

Evaluation, measurement and verification

A third-party vendor will estimate the energy savings derived from the Home Energy Report program expansion using the rigorous and widely accepted methodology in the industry for home energy report programs: opt-out randomized controlled trial design with statistical billing analysis for measuring savings. Evaluations will be performed in 2015 and 2017.

The home energy report program administrator will provide quarterly results to the Company, including information on energy savings, participation, opt-outs, and other relevant program metrics.

Program Cost Effectiveness

The cost effectiveness of the extension of the pilot program and expansion of the program to additional Utah households was reviewed with the Utah DSM Steering Committee and Advisory Group. During the reviews, the Company provided the evaluated cost effectiveness results for the pilot program. As outlined in the *Evaluation Results* section above, the relevant benefit cost ratios for the pilot are robust and are expected to remain strong throughout the proposed extension period. As a result, the cost effectiveness results herein are in support of the expansion of the program to the additional 200,000 residential households.

For the purpose of this analysis, the 200,000 household expansion was broken into two 100,000 household groups, hereafter referred to as Tier 1 and Tier 2, in order to; a) understand the economics of targeting progressively lower usage customers, b) inform the optimal size (100,000 or 200,000 households) of the expansion, and, c) provide a form of sensitivity analysis. Tier 1 has an average usage that is higher than that as Tier 2, as the expansion moves to serve customers in the second and third quartiles of average annual usage households. Program evaluation costs were allocated to the Tier 1 analysis results; however the evaluations will cover both Tiers (if the 200,000 expansion is approved).

The cost effectiveness analysis for the expansion is provided as Exhibit B. Results are provided by Tier and year. For 2015, 2016 and 2017, both Tiers pass three of the five standard economic tests. Since participants don't incur costs to participate, the Participant Cost test (PCT) results are not applicable and displayed as "NA". Neither Tier passes the Ratepayer Impact Measure (RIM) test (results are below 1.0) which indicates some upward pressure on rates. As expected the three year combined Tier 1 results are slightly better than the Tier 2 results since Tier 1 households are higher energy users and are forecast to generate higher savings. For 2014, neither Tier passes the Utility Cost Test (UCT) or the Total Resource Costs (TRC) test. This result is driven by the partial year savings available in 2014 combined with the set-up costs of adding the additional households.

For the 2014-2017 period, both Tiers are cost effective from the UCT and TRC perspectives, 1.41 for Tier 1 and 1.33 for Tier 2.

Implementation

If approved by the Commission, the Company anticipates an expansion launch date of September 2014. Leading up to the reports in homes, the Company and its program administrator will:

- Identify participating customers
- Complete randomization of the data to select participants
- Finalize the analysis of historic data
- Configure marketing content

The costs associated with the Home Energy Reports Program expansion are provided in Exhibit B-Table 2. If approved, the costs and savings for this program will be included in the Company's November 2014 forecast.

Stakeholder Involvement

The Company has worked closely with the DSM Steering Committee over the past year regarding the performance of the initial pilot, the evaluation results, and the proposed program expansion. Program results were reviewed and the proposal to extend and expand the program was discussed at the following meetings:

- April 24, 2013 meeting of the Utah DSM Steering Committee
- December 10, 2013 meeting of the Utah DSM Steering Committee
- February 12, 2014 meeting of the Utah DSM Steering Committee
- June 6, 2014 meeting of the Utah DSM Steering Committee and Utah DSM Advisory Group.
- July 30, 2014 meeting of the Utah DSM Steering Committee

Through these meetings, discussions and the analysis provided with this filing, the Company gained consensus among DSM Steering Committee members in support of the requested extension of the initial pilot program and expansion of Home Energy Reports program to an additional 200,000 households.

The expansion is forecasted to contribute an additional 3,511 MWH (3,212 MWH at site) to the 2014 Utah IRP target of 224,220 MWH provided in the November 1, 2013 filing. When the expansion forecast is combined with the pilot program forecast of 29,244 MWH (26,751 MWH at site), this represents an increase of 5,560 MWH (at gen) when compared to the 27,196 MWH forecast for this Program provided in the November 1, 2013 filing.

The Company respectfully requests that the proposed extension and expansion of the HER pilot program become effective September 15, 2014, in order to expand the availability of this program as soon as possible.

Utah Public Service Commission
September 2, 2014
Page 6

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Blvd., Suite 2000
Portland, OR 97232

By fax: (503) 813-6060

Informal inquiries regarding this matter may be directed to Dave Taylor, Manager of Regulatory Affairs, at (801) 220-2923.

Sincerely,

Kathryn Hymas
Vice President, Finance and Demand Side Management

Enclosures

cc: Division of Public Utilities
Office of Consumer Services