



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: September 10, 2014

Re: **Rocky Mountain Power extension and expansion of Docket No. 12-035-77 – In the Matter of the Request for a Home Energy Report Pilot Program**

Docket No. 12-035-77

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) conditionally approve Rocky Mountain Power's (Company) proposed extension and expansion to the Home Energy Report (HER) Pilot Program. In the Commission's Order dated May 15, 2012 the program costs were capped at \$3.2 million. The Company neglected to request an increase in the program costs that include the extension and expansion. As provided in the benefit/cost analysis the Company expects additional costs for the extension/expansion of \$6.5 million. The Division recommends the Company request of the Commission an increase to the program cost through the 2017 extension period.

ISSUE

On September 2, 2014, the Company filed proposed changes to the Home Energy Report (HER) pilot program requesting an effective date of September 15, 2014. The Division has participated in multiple rounds of discussions as part of the DSM Steering Committee regarding the proposed

changes to the HER program. On September 2, 2014, the Commission issued an Action Request for the Division to review the request for agency action and make recommendations to the Commission by September 15, 2014. Subsequent to the Action Request, the Commission issued a Notice of Filing and Comment Period giving interested parties until September 10, 2014 to provide comments or to make a request for a scheduling conference if parties felt one was needed. The Division provides its comments in response to the Commission's Action Request and consistent with the comment period date noted on the Notice of Filing and Comment Period.

DISCUSSION

The current HER pilot program consists of approximately 79,700 households with average annual usage of approximately 16,215 kWh per year. The current HER pilot program is scheduled to expire the end of 2015. The Company is requesting to expand the program to include an additional 200,000 households with average annual usage of approximately 10,653 kWh per year and to extend the program an additional two years to the end of 2017. In addition to expanding the program the Company will provide internet access to a web portal with energy usage information, an audit tool, and energy savings tips to the remaining Utah customers.

The 18 month initial evaluation completed by Navigant Consulting on June 18, 2014 showed the pilot program exceeded the expected savings forecast and was cost effective with a Utility Cost Test (UCT) of 2.40. The pilot program resulted in 32,299 MWh savings for 2013. The expanded program would be evaluated in 2015 and 2017.

The Division has reviewed the filing along with the program's cost effectiveness analysis and concludes that the proposed expansion of the pilot program is cost-effective with the Total Resource Cost test (TRC) and UCT showing a benefit/cost ratio of 1.33 or greater for the 2014 - 2017 years. The HER program is provided at no cost to the participant therefore the Participant Cost test (PCT) is not applicable. The Division notes that the current expansion includes customers with usage in the 1st, 2nd and 3rd quartiles and maximizes the number of cost effective households in Utah.

The Commission's order dated May 15, 2012 approved the HER pilot program as filed with a total program cost cap of \$3.2 million. According to the Company's analysis of the proposed expansion the additional costs will be approximately \$6.5 million. Of the \$6.5 million, approximately \$2.6 million will be added to the initial pilot program years 2014 and 2015. The Division notes that the Company did not include in its proposed expansion a request to exceed the Commission's pilot program cost cap. As noted above the Division has reviewed the proposed program costs included with the benefit/cost analysis and does not have an issue with the increase in program costs as they do not appear to be overly excessive and the program is cost effective as proposed.

CONCLUSION

The Division has reviewed the changes as proposed by the Company and recommends that the Commission approve with a condition, the modifications to the Home Energy Report pilot program. The Division recommends the Company request of the Commission an increase to the program cost through the 2017 extension period.

CC Kathryn Hymas, Rocky Mountain Power
Dave Taylor, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List