



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission of Utah

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Brenda Salter, Technical Consultant
Carolyn Roll, Utility Analyst

Date: August 23, 2012

Re: Docket No. 12-035-91 In the Matter of the Application of Rocky Mountain Power for Approval of a Promotional Program Pursuant to R746-404. The Division recommends the approval of the Promotional Program.

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve the proposed promotional concession campaign.

ISSUE

On August 7, 2012, Rocky Mountain Power (Company) filed its proposed changes to Schedule 70 and requested an effective date of September 4, 2012. The Company proposed the use of a promotional concession campaign in marketing the Blue Sky Block program to its Utah customers. On August 13, 2012, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule 70 and report its findings and recommendation to the Commission by September 6, 2012. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

In an attempt to increase participation in the Blue Sky program, the Company proposed to conduct, in addition to the established channels that are currently used, promotional concession campaigns in marketing the Blue Sky Block program to its Utah customers. If approved by the Commission, the promotional concessions would consist of thank you gifts (“promotional gifts”), valued at \$25 or less, that would be offered to customers who enroll in the program. The total costs for the promotional gifts would not exceed \$10,000 annually through the end of calendar year 2014 to align with existing contracts with marketing/outreach vendors. Examples of promotional items include Blue Sky branded merchandise such as water bottles, travel mugs, re-usable shopping bags and gift certificates to businesses participating in the Company’s Blue Sky program. The Company believes that such promotional gifts would be an effective outreach tactic and would aid the Company’s current efforts to increase participation in the Blue Sky renewable energy program. The Company believes the marketing program is in alignment with MidAmerican Energy’s merger commitment 23 (Docket No. 05-035-54) which states:

PacifiCorp will continue a Blue Sky tariff offering in all states. PacifiCorp will continue to support this offering through innovative marketing, by modifying the tariff to reflect the developing green power market and by monitoring national certification standards (emphasis added).

The Company believes the benefits of the proposed promotional gifts include: (1) increased awareness and understanding of the Blue Sky program; (2) positive impressions on prospective participants; (3) increased participation in the program; (4) enhanced pride and identity for existing participants; (5) improved participant retention; (6) improved customer acquisition costs; and (7) increased support for renewable energy. The Company expects that the use of promotional gifts will create a net ratepayer benefit as required by R746-404-3(d).

The Company provided three examples of the use of promotional gifts in promoting Blue Sky participation: (1) outreach at community events (2) a paper and electronic campaign through bangtail messages and (3) partner with regional nonprofit Blue Sky participants.

In October 2010, the Company implemented a promotional Blue Sky concession campaign¹ using bill inserts. Approximately 1,000 Utah customers participated in a survey about the Blue Sky Program and were entered into a drawing to be eligible to win one of ten \$100 gift cards. On March 31, 2011, the Company provided a report, per Commission Order, detailing the results of the promotional campaign. The report showed the cost of the promotional program was less per “new enrollment linked to the campaign” than all bangtail direct mailing campaigns implemented in 2010.

The Company has placed a cap on expenses in this promotional campaign at \$10,000 annually through the end of 2014. Although no information is provided by the Company of the cost-per-participant associated with this effort, the Division believes the cost would be similar to previous campaigns. The Division recommends the Company provide a summary report of the cost-per-participant following the completion of this campaign similar to that provided in Docket No. 10-035-T10.

The Commission’s Report and Order in Docket No.10-035-T10 suggested the Company provide “promotional offering(s) which support energy efficiency objectives which would better reflect the goals of the Blue Sky Program. Examples might include a consumer-oriented energy monitoring device, a certificate towards the purchase of an energy efficient appliance or energy reducing appliance, an air conditioner tune-up, or compact fluorescent light bulbs.” While the Company’s proposed promotional gifts, except possibly the gift certificates, as outlined in this concession do not appear to conform to this objective, the Division notes that the items in the Commission’s list of potential promotional gifts do not lend themselves easily to “branded” merchandize. Therefore, in recommending approval of the program, the Division cautions the Company to choose merchandize that is congruous with the overall objective of the Blue Sky program in promoting the development of renewable energy. For example, water bottles should be of sufficient quality and type—reusable and free of Bisphenol A (BPA)—to avoid the products from simply being discarded.

¹ In the Matter of Rocky Mountain Power’s proposal to add language to Schedule 70 (“Blue Sky Block program”) which will enable the Company to encourage eligible Utah customers to participate in the Blue Sky Block program through promotional concession campaigns, Docket No. 10-035-T10.

SUMMARY AND CONCLUSION

The Division, though it did not perform any numerical analysis to support the Company's claim of benefits, believes that it is reasonable to expect the Company's proposed benefits to follow from the proposed promotion campaign. The Division recommends the Company provide a summary for the promotional campaign similar to that provided in Docket No. 10-035-T10. In addition, the Division believes that the proposed promotion campaign is in accordance R746-404.

Therefore, the Division recommends that the Commission approve the proposed promotional concession campaign.

CC: Dave Taylor, RMP
Michele Beck, OCS
Blue Sky Service List