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Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR AUTHORITY TO CANCEL ELECTRIC SERVICE SCHEDULES NO. 115, 125, 126, and 192; APPROVE SCHEDULE NO. 140.	**)))))**	**DOCKET NO. 13-035-___** **APPLICATION**

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the "Company"), and hereby applies to the Public Service Commission of Utah (the "Commission") for authority to cancel the following Electric Service Schedules: No. 115 – Commercial and Industrial Energy Efficiency Incentives Optional for Qualifying Customers; 125 – Commercial and Industrial Energy Services Optional for Qualifying Customers; 126 – Utah Commercial and Industrial Re-Commissioning Program; and 192 – Self-Direction Credit. The Company further respectfully requests approval of a new Electric Service Schedule No. 140, Non-Residential Energy Efficiency.

In support of this Application, Rocky Mountain Power states:

1. Rocky Mountain Power does business as a public utility in the state of Utah and is subject to the jurisdiction of the Commission with regard to its public utility operations.

2. Rocky Mountain Power files this Application pursuant to Utah Code §§ 54-3-1 and 54-3-3, which require all charges and services provided by the Company to be just and reasonable, and 30 days notice to the Commission and public before changing any rate or charge.

3. Communications regarding this Application should be addressed to:

Lisa Romney
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In addition, PacifiCorp respectfully requests that all data 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, Suite 2000 Portland, OR 97232

Informal inquiries may be directed to Lisa Romney at (801) 220-4425.

BACKGROUND

4. Rocky Mountain Power has offered energy efficiency incentive programs in various configurations for several decades. The programs have been, and continue to be, designed to promote electric energy efficiency and more efficient management of energy loads.

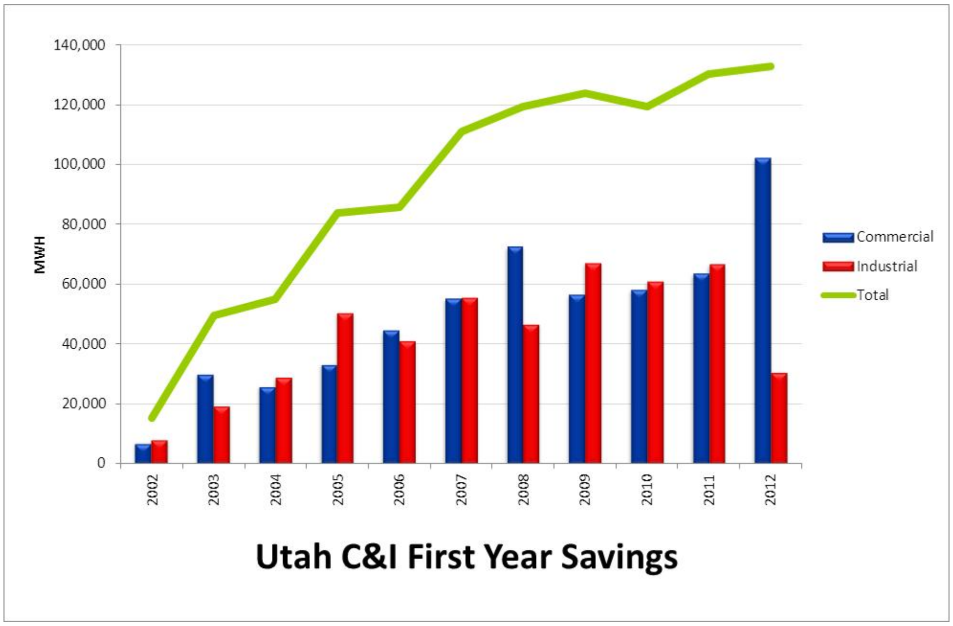
5. In 2002, the Company included demand side management ("DSM") in the Integrated Resource Plan model. Acquisition targets from DSM activities have continued to grow since that time.

6. In the summer of 2003, the Company petitioned to create both a financial recovery mechanism for DSM as well as a self-direction credit provision. The tariff rider surcharge was made effective in April of 2004 and the Self-Direction credit option was made effective immediately.

7. In 2004, the FinAnswer Express prescriptive incentive program was created. This action consolidated all existing Commercial and Industrial retrofit programs into three programs: Energy FinAnswer (Schedule 125), FinAnswer Express (Schedule 115), and Self-Direction (Schedule 192).

8. In March of 2005, the Re-Commissioning program (Schedule 126) was added as a means to better manage existing equipment and customer loads.

Table 1 – Commercial and Industrial Savings Results, 2002-2012



9. As shown in Table 1 above, the four business programs (Energy FinAnswer (Schedule 125), FinAnswer Express (Schedule 115), Re-Commissioning (Schedule 126), and Self-Direction (Schedule 192) have been successful in enabling energy efficiency savings over the past decade. This being said, the Company, working with its customers, has identified the following potential barriers to participation and program performance:

- Complexity of the programs - Under the current structure, projects may move from one program to another based on timelines and/or economics. This creates complexity for the customer that can impede participation and at a minimum increases the costs of project management to the customer and to the Company. For example, a customer may start participation in Energy FinAnswer, but shift to Self Direction if the incentive offer is more attractive. Likewise, a project may come in through Energy FinAnswer, but move to prescriptive FinAnswer Express if the scope changes. Each time a project moves, the program requirements and agreements must be updated.

- Customer based project management – While the Company has project management staff to move customer projects through the incentive process, customers have indicated that the lack of dedicated personnel within their own organizations to identify, cultivate and manage energy efficiency projects limits their ability to participate.
- Program focus on capital projects – The Company's current program offerings, with the exception of Re-Commissioning, are limited to capital based projects. Therefore, customers lacking capital are limited in their ability to participate.

DISCUSSION AND UPDATES

10. In an effort to mitigate these barriers to participation the Company is seeking approval to; (1) consolidate and streamline its business programs; (2) provide incentives for customers seeking dedicated project management resources; and (3) expand the current offerings for savings associated with changes to operations, maintenance and behavior. The resulting program is intended to shift the focus from single projects to an on-going ethos of energy efficient construction, upgrades and operations.

11. The consolidated program approach includes several updates to the program structures and incentive levels in order to increase the acquisition of energy efficiency savings and to streamline participation for customers. The proposed changes to the current program structure and incentive levels are provided in the Table 2.

Table 2 – Program Consolidation Review

Tariff	Current	Proposed for Schedule 140	Comments
125 - Energy FinAnswer	$0.12/kWh + $50/kW	$0.15/kWh	Simplify incentive for customers. Increases total incentive by an estimated 21% and savings by 7% when combined with adjustment of project cost cap listed below.
	Eligible project costs capped at 50%	Increase eligible project costs to 70%	Increases incentives for participation.
	Customer pays for commissioning	Program funds Savings Verification	Decreases complexity and improves controls related to performance verification.
	Commercial and Industrial have different program eligibility	Commercial and Industrial have same program eligibility	Simplify and expand eligibility to increase participation.
	New Construction Design Assistance	Discontinue unique incentive	Low participation and offer not moving the market. New Construction projects will be incentivized through the custom tract.
	Design Honorarium	Discontinue incentive	Low participation and offer not moving the market.
	Design Incentive	Discontinue incentive	Low participation and offer not moving the market.
	Minimum 20,000 SF of commercial space to be eligible	Remove minimum space requirement	Increase participation.
	Custom incentives available for listed measures	Listed measures paid at listed amounts.	Simplify process so that the incentive listed is always the incentive paid. Allow prescriptive and custom measures to be included in single project.
115 - FinAnswer Express	Eligible measure costs capped at 50%	Increase eligible measure costs to 70%	Increases incentives for participation.
	Cooling equipment, irrigation pumps VFDs milk pre-coolers and VFD air compressors incentives pay @ different $/kWh and some include $/kW	Align all incentives to $0.15/kWh	Increases incentive amounts and aligns program incentive levels.
126 – Re-Commissioning	Service based offer	Change to standard offer of $0.02/kWh	Simplify incentive offer and align with the new incentive for operation, maintenance and behavioral savings.

Tariff	Current	Proposed for Schedule 140	Comments
126 – Re-Commissioning (cont.)	Program referred to as Re-Commissioning	Refer to offer as Energy Management	Better describes offering.
	Re-commissioning with post evaluations	Expand offering to include integration of energy management into business practices	Increases savings and utilizes monitoring to identify savings. See discussion in 13-16 below.
192 - Self Direction Credit	Includes administrator references	Remove references to administrator	Allow the integration of bill credits as an incentive option for qualifying customers.
	Customer responsible for engineering including costs	Program provides engineering analysis	Consolidates program offerings and provides consistent energy analysis reports. The costs of Company funded engineering analysis are not an eligible project cost.
	Qualifying Simple payback of 1-5 years. 5+ years requires cost-effective analysis.	Qualifying simple payback 1- 8 years. 8+ years requires cost-effectiveness analysis	Analysis shows paybacks up to 8 years are cost-effective. Removes unnecessary customer barrier and costs from the program.
	Availability of fifty percent opt-out self direction credit	Remove availability of fifty percent opt-out self direction credit	Requires all energy efficiency opportunities have been addressed. No participation since the program became available in 2003.
	Program name, Self Direct	Refer to offer as bill credit option	Aligns with the consolidated program approach and customer choice to choose incentive check or bill credit at the end of a project.
	Annual program cap - $5,000,000	Remove program cap	Potential perceived barrier.
140 – New Offerings in consolidated tariff	n/a	Add energy project manager co-funding. $0.025/kWh of program savings	See discussion in 17-19 below
	n/a	Customer chooses incentive payment option based on their needs – bill credit or Cash Incentive	Consolidates programs into a single process flow making it easier for customers to participate.

12. In the event the Commission approves the Company's request, customers with Incentive Agreements issued between the date of this filing and the effective date approved by the Commission will receive final project incentive(s) under the new tariff unless their project would have received a higher incentive amount under the existing incentives. Customers with Incentive Agreements in place prior to this filing will receive incentives consistent with the tariff(s) at the time the agreement was issued.

EXPANDED AND NEW INCENTIVE OPTIONS

13. Energy Management is a system of practices that creates reliable and persistent electric energy savings through improved operations and maintenance, and management practices at customer sites. The Energy Management offering is designed to complement program offerings for capital improvements and the new Energy Project Manager option.

14. Designed with the customer in mind, Energy Management will offer multiple levels of engagement: Strategic Energy Management, Persistent Commissioning, Industrial Re-commissioning, and Re-commissioning. The level of engagement will be in direct response to the customer's specific needs and their commitment to a process that can extend from 12 – 24 months.

15. The Energy Management offering provides a systematic approach to integrating energy management into an organizations business practices. Monitoring of building systems and industrial process controls is used to identify and quantify energy savings.

16. The Company has identified an average potential of 3% energy savings per customer through Energy Management. Measurement of savings is site and process specific, generally consisting of the establishment of an operational baseline and savings measurements through either continuous monitoring of operational data, or at specific intervals during the Company's Energy Management engagement with the customer. The incentive level and program design was modeled with a savings persistence of three years.

17. Energy Project Manager co-funding is designed to help customers more aggressively pursue energy opportunities and create a culture of energy efficiency at their facilities. Co-funding will be performance based and is contingent upon a customer's identification of and planning for at least 1,000,000 kWh of energy savings over a prescribed timeframe; typically 12 – 18 months.

18. Only savings reported through Schedule 140 will count toward achieving the kWh savings goal. If the customer meets these verified goals as outlined in a savings plan, co-funding continues. If milestones and savings goals are missed, co-funding will be suspended and/or terminated and repayment of unearned co-funding will be required.

19. The Energy Project Manager is to serve as the primary contact for implementation of energy efficiency projects at a customer site. The Energy Project Manager will be an employee or direct contractor of the customer and not an employee or contractor of Rocky Mountain Power. The Energy Project Manager must be a specific person and not a pool of labor without an individual role. Subject to approval by the Company, it is the customer's choice regarding the compensation paid to the Energy Project Manager and the co-funding cannot exceed the lesser of (1) the pay and overhead

for the assigned individual or (2) the amount listed in Table 2 for completed projects. Documentation of pay and overhead costs are required as part of the co-funding agreement. The Energy Project Manager co-funding is based solely on electrical energy efficiency or energy management savings.

COST EFFECTIVENESS ANALYSIS

20. A consolidated approach was taken to the cost effectiveness analysis. Step one was to establish a three year base case of all four current programs without enhancements. The base case was set to align with the Utah 2013 savings forecast provided on November 1, 2012. Values for net-to-gross, realization rates and measure life that were utilized in the 2011 Utah annual report were utilized in the assessment of the base case. The base case program level cost effectiveness took into account medium CO2 69% Load Factor East System Load Shape decrement values as the avoided costs in order to provide a business as usual view of program performance. The stream of costs utilized in this analysis can be found on page 20 of the 2011 IRP Addendum dated June 27, 2011. Once the performance of the base case was assessed, four “measures” representing the highest impact changes were modeled at the “measure” level using the same load shape and avoided costs. The four measures are:

- Revised energy management incentives
- Revisions to the standard offer ($/kW and percent of cost cap)
- Energy Project Manager co-funding
- Utility funding for commissioning

Inputs for measure costs, measure life, realization rates and net-to-gross ratio were specific to the measures. Benefit and cost contributions from the four measures were then added to the base case to assess the overall impacts of the changes.

Results of the cost effectiveness analysis for the enhanced program, utilizing the medium carbon scenario decrement values, are provided in Tables 3 below.

Table 3 – Cost effectiveness analysis for the enhanced program

	Levelized $/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0459	$129,324,944	$284,916,229	$155,591,284	2.20
Total Resource Cost Test (TRC) No Adder	0.0459	$129,324,944	$259,014,753	$129,689,809	2.00
Utility Cost Test (UCT)	0.0261	$73,597,265	$259,014,753	$185,417,488	3.52
Rate Impact Test (RIM)		$280,089,849	$259,014,753	($21,075,095)	0.92
Participant Cost Test (PCT)		$122,589,205	$292,741,967	$170,152,762	2.39
Discounted Participant Payback (years)				4.15	

Inputs utilized in the analysis of the base case and the four measures are provided in Tables 1 – 3 of Attachment A: Utah 2013-1025 Business Plan Cost-Effectiveness Memo.

21. The enhanced program went through two sensitivity analyses. Sensitivity to carbon costs was performed using the 2011 IRP decrement values based on the no carbon tax scenario found on page 17 of the 2011 IRP Addendum. Sensitivity to projected program participation +/- 10% was also performed. The results of both sensitivity analyses are provided in Tables 10 and 11 in Attachment A. The proposed program is forecasted to be cost effective under a variety of sensitivity scenarios.

STAKEHOLDER INVOLVMENT

22. On February 5, 2013, the Company presented an initial overview of the consolidated program offering to the Utah Demand-Side Management Steering Committee. The discussion included the Energy Project Manager offering. The Committee asked the Company to reach out to higher education in Utah to ensure the applicant pool for the Energy Project Manager incentive would adequately meet potential demand. The Company is currently in discussions with Salt Lake Community College regarding the existing Energy Management degree.

23. The Company presented the initial program consolidation design to the Utah Association of Energy Users ("UAE") on March 12, 2013. Members of UAE were supportive of consolidation and the more user-friendly program design. Members suggested an additional incentive offer for large customers to receive their incentive prior to purchase, but this is outside of the scope and the purpose of the non-residential energy efficiency program.

24. The Utah DSM Steering Committee met on April 24, 2013 to review the draft tariff and application. After the meeting, the Committee was provided electronic copies of the draft Schedule 140 and the application. The Company received comments from the Office of Consumer Services, Utah Association of Energy Users, Utah Clean Energy, and the Division of Public Utilities. Overall, the committee was supportive of the changes, making edits to both documents that improved the clarity of the new program for customers.

CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests that the Public Service Commission of Utah issue an order authorizing the Company to cancel Electric Service Schedules No. 115 – Commercial and Industrial Energy Efficiency Incentives Optional for Qualifying Customers, 125 – Commercial and Industrial Energy Services Optional for Qualifying Customers, 126 – Utah Commercial and Industrial Re-Commissioning Program, and 192 – Self-Direction Credit, as described herein, and approve the attached Electric Service Schedule No. 140, Non-Residential Energy Efficiency effective July 1, 2013.

DATED this 21st day of May, 2013.

Respectfully submitted,

Mark C. Moench

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Mark C. Moench
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