



201 South Main, Suite 2300  
Salt Lake City, Utah 84111

July 18, 2014

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

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City UT 84111

Attention: Gary Widerburg, Commission Secretary

Re: Advice No. 14-08  
Electric Service Schedule No. 117 - Residential Refrigerator Recycling Program

Enclosed for filing are an original and five copies of proposed tariff sheets associated with Tariff P.S.C.U. No. 49 of PacifiCorp, d.b.a. Rocky Mountain Power, applicable to electric service in the State of Utah. Pursuant to the requirement of Rule R746-405D, Rocky Mountain Power (the Company) states that the proposed tariff sheets do not constitute a violation of state law or Commission rule. The Company will also provide an electronic version of this filing to [psc@utah.gov](mailto:psc@utah.gov). The Company respectfully requests an August 17, 2014 effective date for the proposed changes to Electric Service Schedule No. 117.

First Revision of Sheet No. 117.1      Schedule 117

Residential Refrigerator  
Recycling Program

First Revision of Sheet No. 117.2      Schedule 117

Residential Refrigerator  
Recycling Program

The purpose of this filing is to propose changes to the Residential Refrigerator Recycling Program (Program) administered through Schedule 117. The Program, also known as “See ya later, refrigerator®”, is designed to decrease electricity use through voluntary removal and recycling of inefficient refrigerators and freezers. The Program provides free pick-up of old units at customer homes and participants receive a \$30 incentive for each qualifying refrigerator or freezer recycled through the Program and an energy-saving packet which includes two CFLs, a refrigerator thermometer card, energy-savings educational materials, and information on other efficiency programs relevant to residential customers.

The Company proposes to expand the Program to include all retail tariff customers taking service under the Company’s electric service schedules listed on Electric Service Schedule No. 193, Demand Side Management (DSM) Cost Adjustment. Currently the Program is limited only to residential customers. With the proposed change commercial and industrial customers with qualifying residential refrigerators and freezers would be allowed to participate in the Program. The change will allow commercial and industrial customers with residential refrigerators and freezers in break rooms, kitchens and other places to participate in the Program. Along with allowing commercial and industrial customers to participate, the Program proposes to add

additional eligible customers who may not be listed on the account such as property owners, landlords, property management companies and homeowner associations but are responsible for the property and would be the participant in the Program.

To streamline Program delivery and minimize marketing expenses, the Company proposes to provide commercial and industrial customers the same incentive as residential customers, \$30 per unit. Having different incentives for residential and business customers would require different marketing materials and separate processes and controls for each customer type, and absence any evidence resale economics are different doesn't warrant such a distinction.

Currently, the Program provides residential participants an energy-savings packet containing two 13-watt CFLs, a refrigerator/freezer thermometer card, energy-saving educational materials, and information on other Rocky Mountain Power residential energy efficiency programs. The same energy-savings packet will be provided to commercial and industrial customers. Providing the energy-saving packets to business customers provides a low cost cross-promotional opportunity to increase awareness of the Company's residential energy efficiency programs. Everyone living in a house or apartment can benefit from the Company's residential energy efficiency programs. As noted in Table 18 in Attachment 1 - Utah SYLR Cost Effectiveness Analysis, the energy-saving packets left behind with customers (noted as packets in Table 18) include the energy savings benefits, however the costs are part of the administrative costs at the Program level. As a result, the benefit-cost ratios for all tests (except the RIM test which does not utilize measure costs) for the energy-savings packets are displayed as "0". The packet cost is approximately \$6. When the \$6 packet cost estimate is compared to the \$17 in benefits found in the TRC and UCT columns of Table 18, an estimate of the benefit-cost ratio would be approximately 2.8. The packets are a cost effective means for cross-promoting the Company's residential energy efficiency programs to business customers.

The language in the tariff for the packets is proposed to be changed from "will offer" to "may offer" to provide flexibility for offering packets, especially to business customers. With the proposed changes business customers will be added to the Program and the Program intends to offer every participant the same packet. The Program intends to assess acceptance and installation practices of the two 13-W CFLs in the packet by business customers. If business customers are not taking advantage of the packet, the Program wants the flexibility to adjust or discontinue the offering in order to optimize Program impacts.

The Program also proposes to expand collection of qualifying residential refrigerators and freezers to retailers. Known as secondary market intervention (SMI), the Program will collect working units picked-up by retailers to remove them from the secondary market. The secondary market for refrigerators and freezers refers to units collected by retailers which are then resold through the retailer or sold to appliance retailers specializing in selling used appliances. Home Depot, Lowe's, Sears, RC Willey and others sell working and easily refurbished units to second-hand retailers such as Appliance Exchange, Appliance & Air Solutions, Appliance E.M.T., Appliance Man, Best Home Appliance Sales, Kings Products, Precision Appliance, Wasatch Appliance Outlet and others. Many big box retailers subcontract delivery of new units and pick-ups of used units to small pick-up crews. Often these subcontractors are the ones selling used units to second-hand retailers. Second-hand retailers also buy used units directly from customers.

Participating retailers will be provided an incentive of “up to” \$20 per unit. The retailer incentive is an upstream incentive similar to the incentives from the Home Energy Savings Incentive Program (Schedule 111) for CFLs and LEDs sold through retailers. The “up to” \$20 incentive allows the Program to negotiate and pay lower incentives to retailers on a case by case basis. The Program economics provided with this filing assumes the full \$20 incentive is required. The Company will only pay the Program implementation contractor, JACO Environmental, for units that are working and only savings from working units will be reported. As with the Home Energy Savings Incentive Program existing upstream lighting incentives, no customer data will be collected for the units picked up from retailers for recycling. All other unit attributes such as age and size gathered now by the Program will be collected for units picked-up from retailers. These attributes inform future evaluations and updates to unit energy savings values. The Program expects upwards of 1,500 units to be collected from retailers per year. Energy savings kits, which are designed for end users, will not be provided for units picked up at retailers.

For screening and selecting participating retailers, the Program is proposing to use the same methodology as the upstream incentives provided for CFLs and LEDs through the Home Energy Savings Incentive Program. Identifying retailers with the majority of customers coming from the Company’s service territory involves analyzing retail customer drive times, retailer location, retailer trade area, Company service territory data and customer purchasing power to calculate the percentage of Company customers coming from each zip code within a retailer’s trade area. The methodology ensures participating retailers have the majority of their customers coming from the Company’s service territory. The upstream methodology for the Home Energy Savings Incentive Program was recently reviewed as part of the 2011/2012 evaluation (refer to CFL Retailer Allocation Review).<sup>1</sup> The evaluation supports the methodology, finding the process to be “innovative, thoughtful, and considers relevant factors.” Only these retailers qualified in this manner will be eligible for retailer incentives from the Program. Participating retailers will be required to sign a participation agreement with the Program implementation contractor.

The current limit on two appliances per qualifying customer has been in place since the Program was first approved. The current tariff language does not specify a time period for the limit on two appliances. Without a time period defined in the tariff language the Program has applied a conservative limit of a lifetime maximum of two appliances per qualifying customer. The proposed changes add “per year” to the two appliance limit to specify a specific time period. The limit of two appliances per year keeps controls in place to discourage gaming of the Program and provides reasonable accommodations for customers to participate in the Program on an infrequent basis. The Program proposes to limit residential and business pick-ups to two qualifying appliances per year. This limit would not apply to retailer pickups. Participants on a single account (i.e. master metered account) but with multiple residential dwellings such as an apartment complex are proposed to be allowed to recycle two qualifying appliances per dwelling unit per year.

The current tariff language includes a minimum size of 10 cubic feet. A size cap is being added to the tariff language to limit pick-ups to qualifying residential units. Eligible residential units

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<sup>1</sup> See

[http://www.pacificorp.com/content/dam/pacificorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2014/Utah\\_Final\\_2011-2012\\_HES\\_Evaluation\\_Report.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2014/Utah_Final_2011-2012_HES_Evaluation_Report.pdf).

must be a minimum of 10 cubic feet and a maximum of 32 cubic feet in size, utilizing inside measurements.

### **Program Cost Effectiveness**

Measure and Program level cost effectiveness are provided to support the filing as Attachment 1 – Utah SYLR Cost Effectiveness Analysis. Cost effectiveness was assessed using the decrement values generated by the 2013 integrated resource plan (IRP) as the avoided costs. These values can be found on pages 358-359 of Volume 2 of the 2013 IRP dated April 30, 2013. Net-to-gross factors and realizations rates are directly drawn or derived from the 2011/2012 See ya later, refrigerator evaluation and applied to the unit energy savings.<sup>2</sup> Line losses and retail rates utilized in the analysis are a weighted average of the residential and commercial values. These averages are designed to more accurately capture the impacts from units recycled from non-residential locations.

Given the challenges of allocating Program administrative costs to individual measures, measure level cost effectiveness does not include these costs. Total Program administrative costs are included in the Program level cost effectiveness analysis. Measure level results are provided in Table 18 of Attachment 1. There are no measure-level benefit-cost ratios for the PacifiCorp-Total Resource Cost (P-TRC), Total Resource Cost (TRC), or Participant Cost (PCT) tests as the Company covers all the cost (included as administrative costs at the Program level), providing the service at no cost to customers. The energy saving packets left behind with customers (noted as packets in Table 18) have no Utility Cost Test (UCT) results because these costs are included as administrative costs at the Program level. Results of the Ratepayer Impact Measure (RIM) indicate there is upward pressure on rates.

Sensitivity to carbon prices was not performed since the 2013 IRP only contains a single series of values. This is different than the 2011 IRP which contained multiple series of values, each with a different carbon price assumption. Three different Program level cost-effectiveness scenarios were run on the proposed changes:

- Expected participation
- Ten percent higher than expected participation
- Ten percent lower than expected participation

The Program remains cost-effective with the proposed changes herein under the expected, high and low participation scenarios. Detailed cost-effectiveness results are provided in Attachment 1. The file used to calculate the cost effectiveness for the Program will be provided on a separate CD.

A copy of this filing was provided to the Utah Demand-side Management Advisory Group on May 15, 2014. A teleconference was held with the Utah DSM Steering Committee on June 10, 2014 to address questions and provide more details on the proposed changes. Comments and advice received from parties have been incorporated into this filing as appropriate.

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<sup>2</sup> See

[http://www.pacificorp.com/content/dam/pacificorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2013/UT\\_2011-2012\\_SYLR\\_Report\\_FINAL.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2013/UT_2011-2012_SYLR_Report_FINAL.pdf).

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The following attachments are provided as support to the Program modifications requested herein:

- Attachment 1 – Utah SYLR Cost Effectiveness Analysis
- Attachment 2 – P-Corp Design Tool – Utah SYLR (Confidential)
- Attachment 3 – UT SYLR Forecast 2014-2016 (Confidential)
- Attachment 4 – Confidential Information Certificate

Attachment 2 contains propriety information that would be detrimental to Navigant, the contractor who prepared the cost effectiveness results, if disclosed to a competitor. Attachment 3 contains propriety information that would be detrimental to JACO Environmental, the Program implementation contractor. Accordingly, Rocky Mountain Power is filing Attachments 2 and 3 under seal, and requesting that the Commission require any party who wishes to view these attachments execute a Confidential Information Certificate. For the Commission's convenience the Company has provided as Attachment 4 a draft Confidential Information Certificate with this filing.

This Program is forecasted to contribute 20,490 MWH (18,795 MWH at site) to the 2014 Utah IRP target of 224,220 MWH provided in the November 1, 2013 filing. The forecast included with this filing represents an increase when compared to the 13,819 MWH forecast for this Program provided in the November 1, 2013 filing. The proposed addition of business and retailer pick-ups is expected to increase savings by approximately 13% per year.

The Residential Refrigerator Recycling Program is funded through the Schedule 193 Demand Side Management Rate Adjustment. Any proposed adjustments to Schedule 193 will be informed by the next tariff rider analysis which will examine the combined effect of the current balance, forecasted revenues and forecasted expenditures for all programs. The Company is not recommending an adjustment to the Demand Side Management Rate Adjustment as part of this filing.

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

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
Pacificorp  
825 NE Multnomah St, Suite 2000  
Portland, Oregon, 97232

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Informal questions should be directed to Laura Miller, DSM Regulatory Manager, at (801) 220-4346.

Sincerely,

Kathryn Hymas  
Vice President, Finance and Demand-side Management

Enclosures

Cc: DPU  
OCS