

July 6, 2016

***VIA ELECTRONIC FILING
AND HAND DELIVERY***

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

Attention: Gary Widerburg
Commission Secretary

Re: **Reply Comments**
In the Matter of Rocky Mountain Power's Demand-Side Management 2015 Annual
Energy Efficiency and Peak Load Reduction Report
Docket No. 16-035-17

On May 25, 2016, the Public Service Commission of Utah (“Commission”) issued a Notice of Filing and Comment Period, allowing parties to file comments by June 22, 2016 and reply comments by July 6, 2016. The Division of Public Utilities (“DPU”), Office of Consumer Services (“OCS”), and Utah Clean Energy (“UCE”)/Southwest Energy Efficiency Project (“SWEEP”) filed comments on June 22, 2016. Rocky Mountain Power (“Company”) provides these reply comments in response to UCE/SWEEP’s recommendations and requests stated in their jointly filed comments.

“...we recommend that the Commission direct the Company to monitor and ensure that all classes that contribute to DSM program are being served by those programs.”

The Company continually monitors its programs and the customer classes served by those programs. The Company’s current portfolio of DSM programs captures all customer classes that contribute to DSM programs, as shown in the table below:

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Table 1 – DSM Programs and Customer Class Eligibility

Program	Tariff Schedule	Eligible Schedules to Participate
Cool Keeper	114	1, 2, 3, 6, 6A, 6B, 8, 9, 9A, and 23
Home Energy Savings	111	1, 2, and 3
Irrigation Load Control	105	10
Low Income Weatherization	118	1, 2, 3 ¹
New Homes	110	1, 2, and 3
wattsmart Business	140	6, 6A, 6B, 8, 9, 9A, 10, 12, 15, 21, 23, and 31
Schedule Class of Services		
1 – Residential Service 2 – Residential Service Optional Time of Day Rider 3 – Low Income Lifeline Program Residential Service Optional 6 – General Service Distribution Voltage 6A – General Service Energy Time of Day Option 6B – General Service Demand Time of Day Option 8 – Large General Service 1,000 kW and Over Distribution Voltage 9 – General Service High Voltage 9A – General Service High Voltage Energy Time of Day Option 10 – Irrigation and Soil Drainage Pumping Power Service 12 – Street Lighting Customer Owned 15 – Outdoor Nighttime Lighting Service Traffic and Other Signal System Service Customer Owned 21 – Electric Furnace Operations Limited Service 23 – General Service Distribution Voltage Small Customer 31 – Partial Reqts. Service Large General Service 1,000 kW and Over		

Table 1 shows that DSM programs provide options for all customer classes, including residential, commercial and industrial, irrigation, and low income customers. It is also worth noting that low income customers can and do participate in the Home Energy Savings program as well as the Low Income Weatherization program.

“We request that the Commission direct the Company to provide additional information about why the net economic benefits were lower in 2015 in comparison to 2014.”

The Cool Keeper program accounts for most of the change in portfolio net benefits between the 2014 and 2015 annual reports. This change is driven by updated \$/MW benefit values resulting from the Company’s 2015 Integrated Resource Plan (“IRP”), as compared to the 2013 IRP that informed the 2014 annual report analysis. Cost-effectiveness details for the 2015 Cool Keeper and Irrigation Load Control programs are presented in Confidential Appendix 8 to the 2015 Annual Report, which the Company included in its filing. The Company included an Appendix A in its filing for parties wishing to view confidential information.

Net benefits for the energy efficiency portfolio decreased by roughly \$5 million from 2014 to 2015 due to reduced Class 2 DSM decrement values resulting from the 2015 IRP, as compared to the 2013 IRP Class 2 DSM decrement values used in the 2014 annual report analysis. The Company

¹ Eligible customers are based on current income requirements set by the Utah Dept. of Work Force Services, Housing and Community Development Division.

shared a comparison of Class 2 DSM decrement values from the 2013 and 2015 IRPs with the DSM Steering Committee, including UCE and SWEEP, on September 17, 2015.

“We request the Commission to direct the Company to provide additional information about why reductions from peak load management program were lower in 2015 in comparison to 2014.”

There are three major factors that affect load reductions in any given year: 1) number of participants, 2) weather, and 3) customer opt-outs and usage patterns. Table 2 below shows a comparison of 2014 and 2015 statistics for the Irrigation Load Control and Cool Keeper Programs:

Table 2 – Irrigation Load Control / Cool Keeper Comparisons

Program	Irrigation Load Control		Cool Keeper	
	2014	2015	2014	2015
Program Year				
Number of Participants	237	227	96,000	101,000
Weather	July – 17 days of 95+ degrees	July – 6 days of 95+ degrees	July – 17 days of 95+ degrees	July – 6 days of 95+ degrees
Customer Opt-outs and usage patterns	25%	30%	1%	1%

In comparison to 2014, the 2015 Irrigation Load Control Program year had lower available load during the first two weeks due to more precipitation. Also in 2015, the number of participants was marginally lower and event participation opt-outs were higher. With respect to the Cool Keeper Program, the higher number of continuous 95+ degree days in 2014² caused air conditioner usage to increase, creating more available load. In 2015, there were more participating devices, but fewer 95+ degree days,³ causing air conditioner usage to decrease, resulting in reduced available load.

“We request the Commission to direct the Company to provide more information on the reasons for the lower electricity savings from the low income program and recommend the Company work with the DSM Steering Committee to identify possible ways to improve the program design, expand the program and participation in order to achieve higher savings. In addition, we request that the Company include an agenda item at the next DSM Steering Committee meeting on ways to enhance the low income weatherization program, and whether or not the Steering Committee supports doing so.”

The Company’s Low Income Weatherization Program (“LIW Program”) is administered through the Utah Housing and Community Development Division (“HCD”). This state agency receives funding from the U.S. Department of Energy (“DOE”) and the U.S. Department of Health and Human Services (“DHHS”) to provide services to income eligible households throughout the state of Utah. By leveraging Company funds with these federal monies, energy efficiency measures are

²https://www.wunderground.com/history/airport/KSLC/2014/6/1/CustomHistory.html?dayend=30&monthend=8&y earend=2014&req_city=&req_state=&req_statename=&reqdb.zip=&reqdb.magic=&reqdb.wmo=

³https://www.wunderground.com/history/airport/KSLC/2015/6/1/CustomHistory.html?dayend=30&monthend=8&y earend=2015&req_city=&req_state=&req_statename=&reqdb.zip=&reqdb.magic=&reqdb.wmo=

installed in more homes of income eligible households at no cost to participants. HCD subcontracts with local agencies that enroll participants, complete audits, install efficiency measures and inspect completed dwellings. Income eligibility for participation in the LIW Program is based on current requirements set by HCD, not the Company.

There are several factors that can affect participation and kWh savings achieved in a calendar year for the LIW Program. Funding received by HCD from federal sources is not always consistent, which can affect overall participation and kWh savings. HCD does not administer the LIW Program over a calendar year, instead using a budget period of July through June, so comparing participation and kWh savings between calendar years can be misleading. Also, the lag time of completing all services and billing the Company can be varied, so it can seem that many more homes participated in one year compared to another when this may be a result of timing issues. Participation from January through June 2016 total 187 homes, which is 10 percent lower than in the same timeframe of 2014, and 25 percent higher than in 2015.

The most recent LIW Program evaluation⁴ concluded that the Company's efforts for the LIW Program exemplifies utility best practice in that it is coordinated with the DOE, DHHS, Questar Gas, and the Utah Housing Division Weatherization Assistance Program ("WAP"). This collaboration helps to ensure that every utility dollar is spent in the most efficient way to support a best practice program.

The Company continually evaluates its programs in an effort to improve savings and participation. The Company has frequent discussions with HCD on LIW Program issues and potential improvements. The Company shared a draft filing with the DSM Steering Committee on January 8, 2016. The Company filed Advice No. 16-01 on January 19, 2016 in Docket No. 16-035-T01 based on discussions and feedback from HCD and the DSM Steering Committee to incorporate revisions and improvements to the LIW Program. The Commission approved the Company's filing effective March 1, 2016.

The Company will make efforts to have a member from HCD attend a DSM Steering Committee meeting to discuss the LIW Program and solicit feedback for improvement.

"The Company cancelled the Refrigerator Recycling program, effective March 6, 2016 as the program vendor JACO went out of business. We request the Commission to direct the Company to investigate the potential for restarting this program and/or evaluate additional educational opportunities to encourage customers to get rid of old or second refrigerators and encouraging recycling, especially of the Freon component of the refrigerator."

The Company filed to cancel the Refrigerator Recycling program February 5, 2016 in Docket No. 16-035-T02. As explained in the filing, the Company issued a competitive Request for Proposals ("RFP") in the third quarter of 2015 that included Refrigerator Recycling. The Company

⁴ http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2014/Utah-Low-Income-Evaluation-Final-Report-10.28.14.pdf

conducted a cost-effectiveness analysis for Refrigerator Recycling based on received proposals that took into account the available options for proposed program design and planning, program start-up and transition, marketing, customer service, processing services, data tracking and reporting, quality assurance, and compliance. The results of the cost-effectiveness analysis were included with the Company’s filing,⁵ and are also provided again in Table 1 below.

Table 1 – SYLR Level Cost-Effectiveness Results (Residential and Business Pick-Up) – Expected

Cost-Effectiveness Test	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conversation Adder	\$0.0635	\$1,574,073	\$1,211,152	-\$362,921	0.77
Total Resource Cost Test (TRC) No Adder	\$0.0635	\$1,574,073	\$1,101,048	-\$473,025	0.70
Utility Cost Test (UCT)	\$0.0635	\$1,574,073	\$1,101,048	-\$473,025	0.70
Rate Impact Test (RIM)		\$4,557,105	\$1,101,048	-\$3,456,058	0.24
Participant Cost Test (PCT)		\$0	\$7,401,637	\$7,401,637	n/a
Lifecycle Revenue Impacts (\$/kWh)	\$0.000022882				

Given that the cost/benefit ratio was below 1.00 at .70 across the board, the Company recommended canceling the Refrigerator Recycling program and the Commission approved the cancelation effective March 6, 2016. The Company believes it has made reasonable efforts to search for alternative vendors in its service area to administer a Refrigerator Recycling program, however, the program’s benefit/cost ratio remains below 1.00. Until better pricing and/or new vendors become available, restarting this program will not be cost-effective. The Company will continue to encourage customers to unplug old/unused freezers and refrigerators and/or dispose of them in an environmentally safe manner.

In addition, UCE and SWEEP’s comments note that the Refrigerator Recycling program was cost-effective. The Company notes that this program was cost-effective largely due to low pricing the Company had in the program vendor’s contract during 2015. Also, money received by the program vendor for recycling materials significantly dropped with the lower market value of scrap metal. The low contract pricing and scrap metal value contributed to the program vendor going out of business, leading to the program’s ultimate cancelation without another vendor to administer a cost-effective program.

“We request the Commission to direct the Company to provide similar levels of information on individual non-residential program components that are offered within the overall Wattsmart business program as part of the annual report in a similar manner as presented for the residential programs.”

⁵ Supplemental Exhibit B filed February 18, 2016 in Docket No. 16-035-T02.

The Company's initial review of wattsmart Business data indicates it may not be feasible to provide the same level of measure data as presented for the residential programs due to database and tracking constraints. The Company will continue to improve its databases and requests that UCE provide additional detail on the need and use of their request for more data to ensure improvements are aligned with the data needs of stakeholders.

“...we request the Commission to direct the Company to provide supplementary information on the number of program participants in 2015 by program and measure type, similar to what was provided in previous annual energy efficiency and peak reduction reports. Participation data should be provided in future annual reports as well.”

The Company is able to provide the requested information for its residential programs; however additional time is needed to analyze and compile the data. The Company will make best efforts to provide the supplementary information within eight weeks after the Commission has issued its order in this docket. With respect to wattsmart Business, the Company will also provide supplementary information on program participants; however providing measure data may not be feasible for 2015. The Company will review the feasibility of offering this level of detail for wattsmart Business beginning with the 2016 Annual Report.

Informal inquiries regarding this filing may be directed to Michael Snow, Regulatory Projects Manager, at (801) 220-4214.

Sincerely,

Bill Comeau
Director, Customer Solutions

cc: Division of Public Utilities
Office of Consumer Services
Utah Clean Energy