ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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August 5, 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

Attn: Gary Widerburg
Commission Secretary

RE: Advice No. 16-10
Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program
Docket No. 16-035-__

Enclosed for filing are an original and five (5) copies of proposed tariff sheets associated with Tariff P.S.C.U No. 50 of PacifiCorp, d.b.a. Rocky Mountain Power (the "Company"), applicable to electric service in the State of Utah. Pursuant to the requirement of Rule R746-405-2(D), the Company states that the proposed tariff sheets do not constitute a violation of state law or Commission rule. Electronic versions of this filing will also be provided to psc@utah.gov. The Company respectfully requests an effective date of September 5, 2016 for these changes.

Third Revision of Sheet No. 140.25 Schedule 140 Non-Residential Energy Efficiency

The purpose of this filing is to propose changes to the Non-Residential Energy Efficiency Program ("Program") administered through Electric Service Schedule No. 140, specifically to add a restructured enhanced offering for small businesses. These tariff changes align with targets illustrated in Figure 1 below, and filed in the Demand Side Management November 1st Deferred Account and Forecast Report on November 2, 2015, in Docket No. 15-035-48. Proposed changes to the Schedule 140 tariff sheets are included as Exhibit A.

Figure 1 – 2016 Budget and Savings Forecast from Nov 1st Report

***	2016 MWH Savings Forecast	2016 Budget Forecast
***watt*smart Business**	212,316	$ 35,919,093

DESCRIPTION OF CHANGES

Proposed adjustments are listed below, with further necessary explanation provided in subsequent sections.

1. Add an enhanced incentive for small businesses to Schedule 140.
2. Restructure the enhanced incentive for small business into a small business direct installation offer.

BACKGROUND

On May 22, 2015, the Company filed to suspend the enhanced small business lighting incentives for reevaluation to balance costs with expected kWh savings outcomes. The Commission approved the suspension in its Order issued June 19, 2015, effective July 1, 2015.

On June 16, 2016, the Company met with the DSM Steering Committee and discussed the program design for the restructured small business offering. On July 22, 2016, a draft filing package for these changes was shared with the DSM Steering Committee, and adjustments were made to the filing package based on feedback received from Steering Committee members.

RESTRUCTURED ENHANCED OFFERING FOR SMALL BUSINESSES

Program Overview

The small business offering has been reevaluated and it is recommended to reinstitute the offering as a Small Business Direct Installation ("SBDI") Program for retrofits. This program model will benefit the small business market segment through offering an incentive in the form of a direct installation of energy efficient measures by a certified and/or licensed contractor. Benefits for eligible customers include saving energy, money, and time when upgrading existing lighting and non-lighting systems.

Annually, a list of geo-targeted locations throughout the Company's service territory will be made available and posted on the Company's website including where and when SBDI services may be provided. To promote cost-effectiveness, participation will be limited to areas being targeted each year, allowing for an intensive, limited time outreach to customers in targeted areas. Alternate areas will also be selected to help ensure that the overall savings goals for the SBDI Program are achieved. Communities will be identified and targeted based on factors including:

- Past wattsmart Business Program participation (i.e. market penetration potential);
- Customer demographics (i.e. receptive and/or underserved communities); and
- Energy usage and electrical distribution constraints.

SBDI services provided to targeted areas are intended to include energy audits of customers' facilities identifying qualifying energy savings measures that could be installed, and the associated costs. Project proposals based on completed audits will be provided that fit within customers' operational and budgetary parameters. Customers can then choose to move forward with the entire project installing all qualifying upgrades, or select a portion of qualifying upgrades from the project proposal. Customers that choose to install a portion of qualifying

upgrades instead of every qualifying upgrade will be required to select the most energy efficient, cost-effective upgrades over less efficient, cost-effective upgrades.

Incentives

Customer incentives will be based on project costs, which will be based on project savings derived from the audit. The SBDI Program is expected to remain cost-effective when providing a maximum incentive of $5,000 per facility, however, the initial incentive amount that will be offered to eligible customers will be $4,000 per facility. This amount is expected to be enough to drive participation. Participating customers will be required to pay a minimum co-pay of 10 percent of project costs up to a maximum of 25 percent. The initial required co-pay amount will be the maximum amount of 25 percent for all customers. Incentive amounts and the customer co-pay percentage may be adjusted within their respective minimum/maximum ranges through the 45-day notice process to help the program stay aligned with savings and budget targets.

Customer incentives come in the form of the SBDI Program paying for a percentage of project costs. Customers will not receive incentives in the form of monetary payouts through the SBDI Program. The percentage amount of project costs that the SBDI Program will pay for directly correlates with the customer co-pay percentage. With a required co-pay amount of 25 percent, the SBDI Program would pay for the remaining 75 percent of project costs up to the initial offered incentive amount of $4,000.

Individual project costs may vary. Some project costs may be minimal while others may be extensive, depending on what qualifying energy savings measures can be installed at customers' facilities. As a result, not all participating customers may receive the initial offered $4,000 incentive amount, but rather a portion of that. Table 1 below shows an estimated example of average, high, and low customer project scenarios, and how customers may end up with varying incentive amounts.

Table 1 – Average, High End, and Low End Customer Project Scenarios

Customer Project Scenario	Hours of Operation	Energy Savings / kWh	Total project Cost	Incentive (75% of project costs)	Customer Co-Pay (25% of project costs)	Simple Payback (in years)
Average	3,422	8,692	$3,442	$2,581	$861	1.2
High	6,000	14,121	$5,222	$3,916	$1,306	1.1
Low	1,500	4,644	$1,839	$1,379	$460	1.2

As shown in Table 1 above, project savings may also vary from customer to customer depending on facilities' needs and qualifying equipment installed for each project. As a result, the amount of participating customers will depend on the actual savings acquired from customer projects and program savings targets. Based upon current SBDI Program targets, estimated participation levels are listed in Table 2 below.

Table 2 – Estimated Participation Levels and Target Base

Program Year	Estimated Number of Customer's Served	Target Customer Base
2016	115	185
2017	1,438	2300
2018	1,438	2300
2019	747	1200
Total	**3,738**	**5,985**

The target customer base percentage is estimated to be 50-75 percent, which will vary depending on location and customer demographics.

Qualifying equipment for the SBDI Program may include, but not be limited to, lighting, plug load, and HVAC measures. Currently, LED lighting upgrades, advanced power strips, refrigerated case controls, and electrically commutate motors are planned to be offered at the outset of the SBDI Program, once approved. Qualifying equipment intended to be available from the outset of the SBDI Program is included in Table 3 below. Smart thermostats and HVAC tune-ups are being reviewed as a potential offering in 2017 as part of the SBDI Program. Current qualifying equipment lists will be posted and updated as necessary on the SBDI Program webpage.

Table 3 – Qualified Equipment List

Measure Type	Efficient Equipment	Wattage
Lighting	BR30 LED	≤ 9.5 watt
	PLC/V LED	≤ 10.5 watt
	A19 LED	≤ 8.5 watt
	MR 16 LED	≤ 7 watt
	TLED 2ft lamp	≤ 14.5 watt
	TLED 4ft lamp	≤ 29 watt
	4L 4 ft. LED Retro Kit	≤ 84 watt
	2L 4 ft. LED Retro Kit	≤ 43 watt
	LED HID Replacement	≤ 95 watt
	LED Exterior Wall Pack	≤ 26 watt
	LED Exterior Wall Pack	≤ 18 watt
Plug-Load	Advanced Power Strip	Varies
Motor Controls	Electrically commutated motors (ECM) - cooler	Varies
	ECM – Freezer	Varies
Refrigerated Case Controls	TBD	TBD

Eligible project equipment will change over time as market prices for materials change and new technologies become available. All lighting equipment in the qualified equipment list is also certified by organizations including ENERGY STAR and Consortium for Energy Efficiency. Non-lighting equipment on the qualified equipment list is assessed and certified by the wattsmart Business program.

Marketing

A 3-year marketing strategy and annual marketing plan is being developed and will be revised annually as needed. Marketing for the SBDI Program is intended to be focused on engaging geo-targeted marketing both in rural and urban communities through a combination of Company contractors and local contractor firms where possible. Depending on the size and demographics of each area, the following tactics may be used:

- Direct customer events;
  - Community fairs, street fairs, and "Main Street" events;
  - Geo-targeted pop-up events and workshops;
  - Combine SBDI efforts with other scheduled wattsmart Business events (i.e. training events, joint events with contractors, etc.);
  - City Council and Chamber of Commerce Meetings; and
  - Trade/Business Association Events.
- Door to door (in person and print);
- Digital (website);
- Direct-mail or email blasts (print); and
- Coordination with the Company's Regional Business Managers

Program Eligibility

Eligible small business customers will be defined by the following:

- Energy demand – Maximum of 200 kW or less per month in the preceding 12 months;
- Rate Schedule – 6, 6A, 6B, and 23; and
- Location (i.e. customer must be located in an area that is being targeted)

Eligible rate schedules, maximum incentive levels, and the customer co-pay percentage range will be included in the program tariff as Table 12, also provided below.

Table 12 – Incentives for Small Business Direct Installation (Retrofit only)

Eligible Customer Rate Schedules	Eligibility Requirements	Incentive "up to"	Customer Co-pay "up to"	
			Minimum	Maximum
6	Non-residential facilities not in excess of 200 kW demand monthly in the last twelve months.	$5,000 per facility	10%	25%
6a	Non-residential facilities not in excess of 200 kW demand monthly in the last twelve months.	$5,000 per facility	10%	25%
6b	Non-residential facilities not in excess of 200 kW demand monthly in the last twelve months.	$5,000 per facility	10%	25%
23		$5,000 per facility	10%	25%

Program Website

An anticipated Frequently Asked Questions ("FAQ") for the SBDI Program is attached hereto as Exhibit B. The FAQ is intended to capture all relevant information and requirements associated with the SBDI Program. The SBDI Program website will include the FAQ itself, as well as similar information contained therein in different formats and links to additional information that may be relevant. Information contained on the website, including the FAQ, will be updated concurrently with any program changes and whenever else may be appropriate. Information to be provided on the website will include the following:

- SBDI Program overview;
- Benefits of participation;
- Eligibility requirements;
- How to participate in the SBDI Program;
- Costs associated with participation (i.e. customer co-pay);
- What to do if customers can't afford participation costs;
- How to go about getting an incentive;
- How much customer incentives will be;
- Whether incentives can fluctuate if a customer delays participation;
- How/when to apply for participation;
- When incentives will be received;
- What types of projects that will be available as part of the SBDI Program;
- Qualifying equipment;
- Who controls the outcome of customer projects;
- What areas the SBDI Program will be made available to and when;
- Who the SBDI Program administrator is;
- What to do if customers encounter a problem or have questions;
- What commitments are required to participate;
- What happens if required commitments are not met;
- What documentation is required to participate; and
- Other requirements for participation.

Upon approval of the SBDI Program, the information contained in the FAQ will be posted to a webpage dedicated to the SBDI Program. Customers may apply online to participate and have their area served. The SBDI Program webpage will be similar to, and provide similar types of information contained on the Company's other program websites.[1]

COST EFFECTIVENESS

Cost-effectiveness analyses for the SBDI and overall wattsmart Business Programs, attached hereto as Exhibits C and D, respectively, were based on the maximum "up to" incentive levels. Table 4 below, pulled from Exhibit C, and another Table 4 below, pulled from Exhibit D, present the expected cost-effectiveness of the SBDI offering, as well as the wattsmart Business Program

[1] The Company's various webpages can be accessed via direct links to each page, or through the welcome page for wattsmart Business: https://www.rockymountainpower.net/bus/se/utah.html.

level cost-effectiveness with the proposed changes. Detailed inputs and results, including sensitivity analyses, are presented in Exhibits C and D. The wattsmart Business Program is expected to remain cost-effective from the Utility Cost Test and the Total Resource Cost Test perspectives under all scenarios.

Table 4. 2016-18 UT Wattsmart Business SBDI Program Base Case – Cost-Effectiveness

Cost-Effectiveness Test	Levelized $/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	$0.061	$10,620,141	$13,091,457	$2,471,316	1.23
Total Resource Cost Test (TRC) No Adder	$0.061	$10,620,141	$11,901,325	$1,281,183	1.12
Utility Cost Test (UCT)	$0.053	$9,262,905	$11,901,325	$2,638,420	1.28
Rate Impact Test (RIM)		$24,944,412	$11,901,325	($13,043,087)	0.48
Participant Cost Test (PCT)		$9,067,998	$24,227,858	$15,159,860	2.67
Discounted Participant Payback (years)					2.88
Lifecycle Revenue Impact ($/KWh)					$0.00004861

Table 4. 2016-18 UT Wattsmart Business Portfolio Base Case – Cost-Effectiveness

Cost-Effectiveness Test	Levelized $/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	$0.049	$253,227,129	$379,039,109	$125,811,980	1.50
Total Resource Cost Test (TRC) No Adder	$0.049	$253,227,129	$344,581,009	$91,353,879	1.36
Utility Cost Test (UCT)	$0.026	$133,723,337	$344,581,009	$210,857,672	2.58
Rate Impact Test (RIM)		$511,475,399	$344,581,009	($166,894,391)	0.67
Participant Cost Test (PCT)		$257,757,373	$545,427,448	$287,670,076	2.12
Discounted Participant Payback (years)					4.27
Lifecycle Revenue Impact ($/KWh)					$0.00062203

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

By E-mail (preferred): datarequest@pacificorp.com
michael.snow@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
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Portland, OR 97232

Informal inquiries regarding this matter may be directed to me at (801) 220-4214.

Sincerely,

Michael S. Snow
Manager, DSM Regulatory Affairs

Enclosures

cc: Division of Public Utilities
Office of Consumer Services