

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Advice Filing 07-04 of)	
PacifiCorp d/b/a Rocky Mountain Power for)	<u>DOCKET NO. 07-035-T04</u>
Formal Approval – Schedule No. 113 –)	
2007 Cool Cash Incentive Program)	<u>SUSPENSION ORDER</u>
)	

ISSUED: March 6, 2007

By The Commission:

PROCEDURAL HISTORY

PacifiCorp d/b/a Rocky Mountain Power (“Petitioner”) filed its original subject tariff revision with the Commission January 22, 2007. On February 9, 2007, Petitioner filed a replacement tariff reflecting changes to the program originally proposed. The Division of the Public Utilities and the Committee of Consumer services filed comments on February 21, 2007, recommending approval of the proposed tariff.

DISCUSSION

The subject tariff, Schedule 113 - 2007 Cool Cash Incentive Program, describes a Demand Side Management (“DSM”) program designed to encourage the adoption of evaporative cooling systems - both traditional and premium systems, or high efficiency unitary cooling systems rated at 15 SEER or better (central air conditioning units). The program provides monetary incentives to ratepayers if they install energy efficient cooling systems, and to HVAC businesses if they sell energy efficient cooling systems.

The Commission, in Docket No. 92-2035-04, *"In the Matter of Rate Making Treatment of Demand-Side Resources and the Analysis of Regulatory Changes to Encourage*

Implementation of Integrated Resource Planning," adopted the March 1995 report of the Performance Standards Subcommittee of the Cost Recovery Collaborative, the Utah Demand Side Resource Program Performance Standards Report. This report establishes the basic criteria that DSM programs must meet in order to be approved for implementation. The report also provides detailed instruction regarding the methodology to be used in the related calculations of the cost tests. The programs must pass the Pacificorp Total Resource Cost Test, the Utah Total Resource Cost Test, the Utility Cost Test, and the Participant Cost Test. Further, the Commission stated that it would be desirable if the programs passed the Ratepayer Impact Measure Test as well, but it was not required in all cases. In this instance, the proposed program as submitted passes only the Total Resource Cost Tests and the Participant Cost Test. It fails the Utility Cost Test by a considerable margin. The failure of the proposed program to pass the Utility Cost Test means ratepayers would be paying more to avoid the use of electricity than it would cost to generate or purchase the electricity. This violates the DSM cost-effectiveness standard which is in place and therefore we find the 2007 Cool Cash Incentive Program, as proposed, is not in the public interest.

We intend for the Company to pursue all cost-effective DSM opportunities in Utah. The Legislature has granted authority to the Commission to place a DSM tariff rider on Utah ratepayer bills (Utah Code 54-7-12.8). The Commission intends to continue to use that authority to promote conservation of electricity in Utah, but the process must be cost-effective. The Commission has received numerous comments and reports in recent years regarding the extent of potential cost-effective DSM in Utah. It is our understanding that significant DSM

opportunities exist. The Commission invites Petitioner to submit a revised version of the program that passes the relevant cost tests and that results in the cost-effective conservation of electricity.

The Commission also finds it is in the public interest for all future DSM tariff approval filings to contain sufficient information for the Division of Public Utilities and the Committee of Consumer Services to be able to analyze all inputs and assumptions used in the evaluation at both the measure and program level. Specifically, we require that the models used to calculate the benefit cost ratio for each measure and for the programs as a whole, along with the inputs and a list of assumptions used, be submitted as part of the tariff approval filing. To the extent that multiple measures are included in any one program, the filing should contain the justification for the recommended measure grouping within the program. Further, while each separate measure of a program is not required to individually pass all of the relevant cost tests, for any measure that does not pass all of the relevant tests Petitioner should provide a justification for the measure's inclusion. Petitioner may designate portions of the required filing as confidential or proprietary if necessary.

CONCLUSIONS

The Commission finds the proposed DSM program, 2007 Cool Cash Incentive Program, does not meet the required criteria established in Docket Number 92-2035-04. As a result the Commission finds that approval of the proposed program, as currently proposed, is not in the public interest.

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ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that

1. The proposed Pacificorp d/b/a Rocky Mountain Power tariff filing be, and it is, suspended pending further Order of the Commission.
2. All future DSM approval filings shall conform with our directions as explained in this Order.

DATED at Salt Lake City, Utah, this 6th day of March 2007.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

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