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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of PACIFICORP for an Increase in its Rates and Charges.	Docket No. 01-035-01  UAE COMMENTS ON PACIFICORP'S DSM IMPLEMENTATION PLAN
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*Introduction.* The UAE Intervention Group (“UAE”) hereby submits comments and recommendations in response to the DSM report (“report”) dated April 1, 2002, filed by PacifiCorp (“company”) in this docket. UAE supports the prompt and thorough analysis of DSM programs that appear to offer significant savings, and the prompt implementation of cost-effective DSM programs. UAE particularly supports the aggressive implementation of efficient load management programs.

*UAE.* The Utah Association of Energy Users includes over forty of the largest industrial and commercial energy users in Utah. Members of the Utah Association of Energy Users consume hundreds of millions of kilowatt hours of electricity each month, spend over \$216

Million on energy annually, and employ over 40,000 employees within the state of Utah. As large energy users, these companies are very interested in developing, maintaining and improving cost effective energy efficiency and load management programs. UAE members have been progressive in funding significant amounts of DSM at their own facilities, independent of state-funded, state-organized programs. For many UAE members and large businesses in Utah, energy costs account for a significant portion of total production costs. UAE members have spent millions of dollars of their own funds to achieve energy efficiency, and continue to spend millions on DSM measures today.

*Load Reduction Programs.* The Commission's Report and Order in this docket dated September 1, 2001, places particular emphasis on DSM programs designed to reduce peak demand. Other than the demand reduction and energy exchange programs utilized last summer, the company admits that it has limited experience in peak demand programs. UAE believes that significant savings to all customers are possible through well-designed load management and peak shaving programs.

The results of the DSM programs introduced by the Company last summer should be carefully analyzed. A thorough review of costs, benefits, avoided supply side resources and customer participation and satisfaction levels should provide valuable insight in designing future DSM programs. UAE believes that this analysis will demonstrate that DSM "resources" acquired through load reduction programs last summer were significantly less expensive than available supply side resources. UAE believes that properly-designed DSM programs aimed at reducing peak demand would prove to be cost-effective in comparison to available supply side resources, including supply side resources in which the company is currently investing.

UAE believes that load management programs should be designed to enhance the likelihood of long-term, efficient and successful results. Load management programs, interruptible tariffs, acquisition of non-utility resources, and other efficient programs designed to meet and manage peak demands should be actively pursued. Typically, pricing should reflect capacity and energy costs that can be avoided or deferred. Participation should be at the option of the customer, based on efficient price signals.

*DSM Program Analysis.* The report outlines the company's general approach to various current and proposed DSM programs. UAE supports the critical evaluation of all programs by the Commission and by the Energy Efficiency Advisory Group ("advisory group"). Careful analysis of results or estimates of costs and savings, penetration rates, and other assumptions used in support of existing and proposed DSM programs, and analysis of sensitivities of results to assumptions, is necessary before ratepayer money should be committed.

UAE also supports the analysis of DSM measures in conjunction with the IRP/RAMP process, and agrees that DSM programs should be analyzed on a consistent and comparable basis to supply side resources. Non-efficient biases in favor of construction or acquisition of supply side resources should be neutralized and the measures that are most cost-effective and beneficial in the long run should be pursued.

Parties advocating the adoption of specific DSM measures in Utah should be required to provide the advisory group with information necessary to permit a careful and thorough analysis of critical assumptions relative to costs, benefits, penetration rates, customer acceptance, etc. Similarly, proponents should provide detailed information regarding funding levels, program design and cost recovery mechanisms, in order to permit consideration of effectiveness, equity,

and cost-shifting. The advisory group should thoroughly analyze proposed programs and submit analyses and data to the Commission for evaluation and potential adoption.

*Program Design.* UAE believes that program design and cost recovery mechanisms should be specifically tailored for each customer class and each DSM program. UAE does not believe that it is practical or useful to establish one program design or cost recovery mechanism to apply to all customers and all programs. In general, UAE believes that DSM programs are most likely to be effective and accepted if they are tailored to each specific rate class, if they are voluntary on the part of the customer, if each customer's cost obligation is limited to a reasonable level, and if costs and savings are fairly shared. UAE strongly supports programs that permit self-direction of funds, where practicable, and that provide credits for existing and future DSM measures implemented by customers. Similarly, customers with multiple meters should bear the same per-customer costs as customers in the same rate class with only one meter.

*Conclusion.* In summary, UAE supports a careful analysis of the cost-effectiveness of existing and proposed DSM programs, and urges the adoption of reasonable and efficient DSM programs. Towards these ends, UAE intends to continue to participate with the advisory group and in the IRP process.

DATED this 6<sup>th</sup> day of May, 2002.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent via email this 6th day of May, 2002, to the Utah Public Service Commission and to the DSM Advisory Group email service list.

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