

**The Utah Ratepayers Alliance**  
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**Salt Lake City, UT 84108**

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

RE: Docket No. 01-035-01  
Comments of the Utah Ratepayers Alliance on PacifiCorp's April 1, 2002  
DSM Implementation Plan

May 8, 2002

Dear Commissioners:

We appreciate the work that PacifiCorp has done in the areas of improved energy efficiency and demand reduction, the two important aspects of any demand side management (DSM) program. The Company has participated in and facilitated numerous meetings and information exchanges between a wide range of parties, which has greatly enhanced the flow of ideas and understanding about its DSM activities in Utah and throughout its system. Many members have worked on Integrated Resource Planning and on the Energy Efficiency Task Force (EETF). The announcement in its April 1, 2002 filing that PacifiCorp will hire a Director of DSM is likewise good news. And the notice that media spots and bus boards are being designed to encourage general energy efficiency is promising.

Our concerns, however, are similar to those we have raised in past years. Summer is fast approaching and PacifiCorp has no serious new DSM program in place in Utah to deal with its upcoming summer system peak, driven by high Utah summer demand. The company has again purchased supply-side resources to meet the anticipated peak, separating DSM from the actual day-to-day operations of PacifiCorp and disregarding the repeated orders of this Commission that true integrated resource planning, including DSM, must be linked to strategic business planning.

We are constantly told by PacifiCorp about the Mt. Hood / Devil's Tower paradigm. The question is whether anything specifically is being done to shave the peak load so that we are not in a position to purchase all the energy in the Devil's Tower model in order to supply peak power needs during a relatively few hours of the summer. Wouldn't peak shaving and load management be a common sense approach? The Company states in its April 1<sup>st</sup> letter that it doesn't have much experience in this area but this is the issue that must be addressed in order to adequately tackle the growth in Utah's demand. And, unlike mountains, the demand is not intractable. We

saw that last summer where households in Utah drastically changed behavior in response to price signals, concern about shortages and response to a broad and concerted conservation message. The fact is that if peak load management is not addressed, "Mt. Hood" will grow, only exacerbating the problem in the long term.

This cannot be overemphasized. In its October 29, 2001 Order on Reconsideration of DSM issues, the Commission made it clear that it was interested in a serious planned evaluation of all resources, both demand and supply side, to help meet the 2002 summer peak, and wanted the company to start that evaluation process immediately so such a program could be in place to make a difference come July and August. Even earlier, in summer 2001, the Energy Efficiency Task Force asked PacifiCorp to examine the programs evaluated in the Tellus report so that it could begin to implement some of those ideas for summer 2002.

Instead, PacifiCorp decided to go ahead and acquire supply side resources to meet the summer 2002 peak demand, including building the Gadsby peakers and submitting an RFP which resulted in the purchase of power from Pacific Power Marketing (PPM). Now, in spring 2002, the company says that it is too late to begin programs to meet summer 2002 needs

Ultimately, the question will be: Were the supply side resources purchased the least cost alternative for the company and its customers? The PSC has continually urged PacifiCorp to implement least cost solutions and particularly those that pass the RIM test. If demand side resources turn out to be more cost effective than supply side resources, then the PSC should look hard at the prudence of acquiring the supply side resources for the summer 2002 peak.

While several demand-side programs were successfully initiated in summer 2001, many of those will not be utilized in summer 2002. It is understandable that most, such as the Energy Exchange Program, will only be attractive to customers and effective for the Company should power prices rise significantly. However, those programs dealt largely with overall load and not peak load. Since it is Utah that is causing the summer peak load growth, the Company needs to concentrate on addressing that issue and should try out some ideas this summer.

There are a number of other issues that are troubling:

\* While Utah load continues to grow, there seems to be little interest in identifying where the growth is and what can be done about it. If the growth in peak load is truly due to large new homes being built with oversized or inefficient central air conditioning combined with residential customer switching from evaporative cooling to central air conditioning, then that class can be targeted.

This is not a new issue but one that has been ongoing for the past several years. Is PacifiCorp doing all it can to ensure that houses are being built with properly sized air conditioning units as well as the most efficient units? Can it do anything to place thermostats which could cycle load automatically in these new homes? Does the company even have a plan

to review the “thermal expansion valve” proposal or other suggestions of off-the-shelf, existing, contractor-performed turnkey operations suggested by Howard Geller of the Southwest Energy Efficiency Project? Or the air conditioning testing and tune-up suggestions he offers? Many of the Geller, Tellus Report and EETF suggestions seem to have gotten no further than the “under analysis” or “will analyze” columns of Appendix A. This is disappointing in light of the late date.

\* The company suggests a pilot load control program in its letter. This is the most likely candidate for peak load shaving. But the company projects that, if all goes as planned, installations might begin as early as October 14, 2002. This might coincide with Halloween, but not the 2002 summer peak.

\* The company still is not utilizing some of the effective programs from last summer - i.e., education about using less electricity. While we may not be in the same “crisis” mode as last summer, people heeded the message and sharply reduced consumption. Because many resources were used to publicize that message, it is a shame to lose the continuity of the message. A good way to make this happen would be to retool the effective messages from last summer to make people aware of new programs that are happening this summer such as inverted block rates for residential customers which started May 1<sup>st</sup>. Customers have seen little or no communication regarding this new rate yet their May bills will reflect these differentials. Both customers and the company could have benefitted if customers were aware of the extra savings of reducing energy use in a more timely fashion.

\* PacifiCorp was candid in reporting that it had years of experience with energy efficiency programs but less with demand reduction. This is exactly why programs that are designed to affect the summer 2002 peak should be piloted during the peak months, not considered throughout the summer and then tried out when there is no peak problem. Much like last summer, when programs were put in place and allowed to expire, the company should implement the most promising of these peak-reduction programs this summer so they can be properly evaluated and incorporated into long term planning for peak reduction and integrated resource planning.

\* Even while longer term programs are being reviewed, the company could consider providing incentives for builders, contractors and realtors to encourage the continued use of existing evaporative coolers and placement of new, more efficient models in newly built or remodeled houses.

The actions the company discusses on pages 6 and 7 of its letter regarding enhanced program implementation certainly are a start. But we urge the Commission to require the company to focus its attention on immediately trying out available programs from California and elsewhere to impact the 2002 summer peak and “selling” some of these new programs to contractors and customers in general, building on the success of last summer’s communication messages.

What is needed is more and sooner, coupled with a long-term strategy that seriously integrates DSM - both load reduction and energy efficiency - into the planning and business decisions of PacifiCorp.

Respectfully submitted,

Betsy Wolf, on behalf of Salt Lake Community Action Program, Utah Legislative Watch and Crossroads Urban Center ( known collectively as the Utah Ratepayers Alliance)