



JON HUNTSMAN Jr.
Governor
GARY HERBERT
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Philip Powlick
Energy Section
Abdinasir Abdulle, Technical Consultant
Jamie Dalton, Utility Analyst II
Artie Powell, Manager

Date: April 24, 2008

Ref: Docket No. 08-035-T01. Advice Filing 08-01 – Schedule No. 110 – ENERGY
STAR New Homes Program Replacement Sheets 110.

RECOMMENDATION (approval)

The Division of Public Utilities (Division) recommends the Commission approve the Replacement Sheets of Schedule 110, the Energy Star New Homes Program filed by the Company on April 15, 2008. These Replacement Sheets address, to the satisfaction of the Division, the concerns raised by the Commission in its Suspension Order dated March 28, 2008.

BACKGROUND AND DISCUSSION

On February 27, 2008 Rocky Mountain Power filed with the Commission its proposed Tariff changes for Schedule 110, the Energy Star New Homes Program. In response to the Commission's Action Request dated February 6, 2007, the Division filed its memorandum recommending approval of the proposed Tariff changes. However, in its Suspension Order issued on March 28, the Commission indicated that it has identified some additional concerns that need to be addressed. These additional concerns were:

1. The possibility that some builders may game the system by building to the specifications of Tier 4 and claiming Tier 3 along with some Plus Measures, thus receiving larger incentive amounts than if they just claim Tier 4.
2. Packaged Terminal Air Conditioning (PTAC) units may not be suitable for the conditions in Northern Utah.

On March 31, 2008, and several times before that, the Division had a teleconference with the Company to discuss the concerns raised by the Commission. In these phone calls, the Division and the Company agreed that PTAC units are not suitable for Northern Utah and should be eliminated and that the incentive structure and the language should be changed so that gaming can not take place. As a result, on April 15, 2008, the Company filed its revised replacement pages and cost effectiveness analysis to address the concerns raised by the Commission. The specific modifications made to the proposed tariff changes, though listed in detail in the filing, are summarized here for the benefit of the reader.

- To avoid gaming between Tiers 3 and 4 and the Plus Measures for the single family, the incentive level for Tier 3 has been increased from \$400 to \$500 as a result of increasing air conditioning equipment minimum efficiency from SEER 13 to SEER 14. Similarly, the incentive for Tier 4 has been increased from \$600 to \$700 and language restricting the possible incentive level was added (any home that is certified as at least 50% more efficient than the current Utah energy code will be eligible for a maximum incentive of \$700). In addition, the incentive level for the Plus Measure – SEER 14 HVAC equipment was reduced to \$100.
- The provision to substitute PTAC units that exceed the federal minimum standard for SEER 13 has been removed from the tariff for single family homes. The incentive for PTAC and ductless mini-split HVAC equipment has also been removed from the tariff for multi-family homes.

The Division has reviewed the revised cost effectiveness analysis and concluded that the program still remains cost effective.

The Division concludes that these tariff revisions adequately address the concerns raised by the Commission. The Division therefore recommends Commission approval.

CC: Rea Petersen, DPU
Jeff Larson, RMP
Dave Taylor, RMP
Jeff Bumgarner, RMP
Don Jones, RMP
Michele Beck, CCS