

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky Mountain Power for Approval of a Strategic Communications and Outreach Program for Demand Side Management)
DOCKET NO. 09-035-36)
ORDER APPROVING SECOND YEAR)
BUDGET WITH CONDITIONS)

ISSUED: May 20, 2010

By The Commission:

On April 1, 2010, PacifiCorp (“Company”), d/b/a Rocky Mountain Power, filed an application for the approval of a proposed program description and budget for the second year of its previously approved Strategic Communications and Outreach Program (“Program”) for Demand Side Management (“DSM”). The Company proposed funding for year two of the Program of \$1.5 million. In its initial application last year the Company stated the:

“ . . . overarching program objectives are to promote customer conservation through energy efficiency education and increase customer awareness of and participation in the Company’s DSM programs. The program will also deliver the residential rate structure education program ordered by the Commission in Docket No. 07-035-93.”

In this application the Company has expanded those objectives to the following:

“The primary objectives of the communication, education and outreach program for year two include:

1. Promote customer conservation (behavioral changes) and increase participation and savings through Rocky Mountain Power demand side management (DSM) programs
2. Motivate customers to reduce consumption independently or to do so by participating in at least one of Rocky Mountain Power’s DSM programs
3. Educate customers on how energy efficiency can help customers save money on their utility bills, reduce energy consumption and keep costs down for all Rocky Mountain Power customers in Utah

4. Encourage customers to reduce consumption during the peak summer months by educating customers about the tiered pricing structure and how decreasing usage can reduce their costs.”

In its first year application the Company specifically listed ten objectives in its application, these were:

1. Promote customer conservation (behavioral changes) and increase participation and savings through demand side management programs.
2. Provide Rocky Mountain Power customers with information on the company’s portfolio of energy efficiency and load management programs – position Rocky Mountain Power as the primary source of tips, tools and programs that help households and businesses reduce electricity usage, save money and conserve resources.
3. Motivate customers to reduce consumption independently or to do so by participating in at least one of Rocky Mountain Power’s demand side management programs.
4. Promote customer messaging around how participation in these programs can help customers save money on their utility bills, reduce the amount of energy consumption and keep costs down for all Rocky Mountain Power customers in Utah.
5. Encourage participation in multiple demand side management programs by increasing current cross-selling activities to current or former participants.
6. Create awareness of the longer term intrinsic benefits and costs of DSM.
7. Encourage customers to reduce consumption during the peak summer months by educating customers about the tiered pricing structure and how decreasing usage can reduce their costs.
8. Educate consumers on the role increased electrical consumption plays in increasing prices for all of Rocky Mountain Power’s Utah customers.

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9. Create a sense of ownership among customers, turning them into advocates for efficiency and creating a movement in Utah toward improved utilization of energy resources.
10. Create a connection among Utah citizens between increased energy efficiency and the overall health and well being of Utah's economy, environment and future "quality of life."

COMMENTS OF THE PARTIES

On May 4, 2010, the Division of Public Utilities ("Division") and the Office of Consumer Services ("Office") filed comments on the Company's proposed Program description and Budget. Both the Division and the Office recommend approving the Company's proposed budget with conditions.

The Division recommends approval on two conditions: 1) The Company should be required to submit a follow-up filing which explains how the proposed action plan and budget will meet the requirement of providing rate payer education on the three-tier rate structure, and 2) The Company should be required to submit a full budgetary variance report in its August progress report filing.

The Office recommends approval with the following three conditions. The Company should be required to: 1) Provide the variance report as ordered in the Commission's November 9, 2009, Order; 2) provide more granularity regarding the expected expenses and budget categories in future filings; and 3) work with interested parties to improve advertising regarding the Cool Keeper Program and provide more descriptive ads for vampire energy [stand-by plug load].

DISCUSSION

We find that the revised objectives are consistent with originally listed objectives and concur with the intent expressed in them. We conclude that a successful DSM program is a critical component of the Company's plans to managed the growing demand for electricity in Utah. As a result, we desire for the Program described in the Company's application to be as successful as possible.

While the Division and Office are both supportive of the Company's DSM efforts and the associated media and outreach efforts described in the application, both point out concerns with this year's application. The Division notes the application does not provide a description of how the Company intends to meet its obligation to educate rate payers about the three tiered rate structure, with respect to its operation on individual accounts nor to its expected benefits to the system. This education is a requirement of the initial approval of the Program and therefore such a discussion needs to be included in the budget and media materials. We find the application is lacking sufficient detail in this respect and direct the Company to file a supplemental application which describes how it intends to meet its obligations in this area. This supplemental file should be submitted as soon as is practicable.

Both the Division and the Office note the Company did not provide a budget variance report for the first year of the program with this application. The Office notes that while the Commission's first year approval Order required variance information to be provided "in all future reports and budgets" the required information was not included in this filing. The Division expressed its opinion that the variance report was only needed when the Company filed the required performance report for the first year in August. We note that our first year approval

Order required this information to be included with both budgetary applications and report filings. We recognize the information contained in a budgetary application will not cover the full program year, but we note that the vast majority of outreach and media type spending is anticipated to occur in the time period leading up to and during the high load months. As a result most of a previous year's budget will have been spent at the time the Company submits the next year's budget application. On a going-forward basis we clarify the Company should include this information in both applications and reports. For this first year we direct the Company to include the variance information in the August report.

The Office points out the proposed budget lacks sufficient detail to identify the amount of spending anticipated for any specific DSM program's advertising. All spending categories in the application are general program-wide categories. The Office points out that it is impossible for an interested party to determine the amount of spending devoted to promoting key programs. While we recognize that some expenditures are of a program-wide nature, we note many are not. We direct the Company to resubmit the budget portion of its application at a higher level of granularity, preferable down to the DSM program specific level where possible. This re-submission may be part of the supplemental application described above.

The Office also expresses concern regarding the effectiveness of the proposed materials and efforts for the Cool Keeper Program and the ads regarding vampire energy. We note the Company has previously reported that the level of participation seems to have reached a plateau under the current contractor directed recruitment and advertising methods. We direct the Company to work with the DSM Advisory Group to develop new recruitment methods to achieve higher levels of customer participation and promote awareness of the Cool Keeper

program in general. We also direct the Company to involve the DSM Advisory Group as it develops the promotional materials for this program, including those directed at reducing vampire energy use. We encourage the Company to implement these new approaches and procedures at the earliest possible opportunity.

We find that it is important for the Company to begin implementing its media and outreach plans prior to the coming cooling season, as a result we conditionally approve the proposed budget to allow the Company to immediately begin undertaking the necessary planning and purchasing activities for the program to be successful.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The second year budget and action plan of the Strategic Communications and Outreach Program for Demand Side Management, is conditionally approved.
2. The Company shall prepare a supplemental filing which addresses how it will educate rate payers about the three tiered summer rate structure in the second year of the program.
3. The Company shall prepare a supplemental filing which provides a more granular explanation of planned expenditures on a program level basis.
4. The Company shall work with the DSM Advisory Group to develop new options for recruiting more customers to participate in the Cool Keeper program.
5. The Company shall involve the DSM Advisory Group as it develops the promotional materials for this program.

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6. The Company shall prepare a first year budget variance report which shall be included in the August Report of the first year of the program. On a going forward basis budget variance reports shall be included in all budget application and report filings.

DATED at Salt Lake City, Utah, this 20th day of May, 2010.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

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