

February 23, 2010

***VIA ELECTRONIC FILING
AND HAND DELIVERY***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

Attention: Julie P. Orchard
Commission Secretary

Re: Advice No. 10-03
Schedule No. 192 - Self Direction Credit

Enclosed for filing are an original and two copies of proposed tariff sheets associated with Tariff P.S.C.U No. 47 of PacifiCorp, d.b.a Rocky Mountain Power, applicable to electric service in the State of Utah. Pursuant to the requirement of Rule R746-405D, Rocky Mountain Power (the "Company") states that the proposed tariff sheets do not constitute a violation of state law or Commission rule. Rocky Mountain Power respectfully requests that Attachment B to the filing be filed confidentially, pursuant to Public Service Commission of Utah Rule R746-100-16 and that any party wishing to view the Confidential Information be required to execute a Confidential Information Certificate prior to gaining access to the confidential information. The Company will also provide an electronic version of this filing to tbher@utah.gov. The Company respectfully requests an effective date of March 25, 2010 for these changes.

First Revision of Sheet No. 192.4 Schedule 192 Self Direction Credit

First Revision of Sheet No. 192.5 Schedule 192 Self Direction Credit

The Self Direction Credit program, administered through Schedule 192, allows eligible customers the opportunity to invest in their own energy efficiency projects at their cost and to receive a credit against the DSM surcharge, administered through Schedule 193, for approved completed projects. Credits disbursed through the program offset the DSM surcharge on a participating customer's monthly bill. The purpose of this filing is to request an increase to the annual cap on self direction credits available through the Self Direction Credit program. Currently, two types of credits are available through the program. Eighty percent credits (referred to as Self-Direction Credits in Schedule 192) are available for completed eligible projects and provide a credit against the DSM surcharge equal to eighty percent of the approved project's eligible expenses. Self-Direction Credits available through the program are currently capped at \$1,500,000 on an annual basis. Fifty Percent Self Direction Credits are available to customers when it can be demonstrated that no additional cost effective energy efficiency

projects exist at the customer's site. Fifty percent credits provide an eligible customer a credit equal to one-half of its monthly DSM surcharge for 24 consecutive monthly billings and are capped at \$100,000 annually.

When the Self Direction Credit program was first introduced, a third credit was available for qualifying projects completed prior to the implementation of the program. For projects completed prior to September 23, 2003, credits against the DSM surcharge were available to offset the cost of approved projects. These credits, which were capped at \$400,000 annually, were eliminated in 2006.¹ The annual aggregate cap for all three credit types included in the original Self Direction Credit program was \$2,000,000.

As no program market experience or data was available when the Self Direction Credit program was first implemented, initial customer participation figures were estimated. In an effort to mitigate uncertainty caused by the estimated participation data, annual caps on the credits were set in order to address potential DSM funding impacts caused by the disbursement of self direction credits. The annual credit caps were established to ensure that larger than anticipated program participation would not create large DSM surcharge revenue shortfalls, which would have limited the funding available for the Company's other DSM programs.

During the initial years of the Self Direction Credit program, credits utilized on an annual basis did not approach the aggregate \$2,000,000 annual credit cap.² However, as illustrated in Table 1 below, credit disbursement has increased year over year since the inception of the program as more self direction energy efficiency projects have been completed. Increased program activity coupled with increased DSM surcharge revenue led to credit disbursements exceeding the cap in 2008 and 2009. Credit disbursements were allowed to exceed the cap in order to maintain program momentum and encourage the development of new projects. Table 1 below provides self direction credits disbursed since the program's inception through 2009 and a forecast of 2010 credit disbursements. These are compared on a percentage basis to both Utah DSM surcharge revenue and Utah DSM portfolio costs.

Table 1 – Self Direction Credits, Schedule 193 Revenue and Utah DSM Portfolio Costs by Year

Year	Self Direction Credits	Schedule 193 Revenue³	Credits as % of Schedule 193 Revenue	Utah DSM Portfolio Costs⁴	Credits as % of Portfolio Costs
2004	\$234,357	\$21,307,549	1.1%	\$16,449,949	1.4%
2005	\$630,902	\$31,373,120	2.0%	\$17,764,370	3.6%
2006	\$977,879	\$30,093,545	3.2%	\$24,426,744	4.0%

¹ Refer to Rocky Mountain Power Advice Filing No. 06-03, which was approved by the Public Service Commission of Utah on March 15, 2006.

² The \$2.0 million aggregate cap consisted of \$1.5 million in eighty percent credits, \$0.4 million in credits for projects completed prior to the implementation of the program and \$0.1 million in fifty percent credits.

³ Schedule 193 revenue is prior to the effects of self direction credits.

⁴ DSM portfolio costs exclude self direction credits.

Year	Self Direction Credits	Schedule 193 Revenue ³	Credits as % of Schedule 193 Revenue	Utah DSM Portfolio Costs ⁴	Credits as % of Portfolio Costs
2007	\$1,274,417	\$27,260,365	4.7%	\$25,599,944	5.0%
2008	\$1,755,080	\$27,935,453	6.3%	\$34,636,733	5.1%
2009	\$2,271,941	\$38,318,529	5.9%	\$55,909,613	4.1%
2010 ⁵	\$3,062,947	\$63,742,302	4.8%	\$52,452,943	5.8%

Additional information on the Self Direction Credit program, including energy savings acquired through the program, program administrative costs, credits approved and credits disbursed is provided in Table 2 below. As shown in Table 2, cumulative energy savings acquired by the Self Direction Credit program through 2009 is 57,361,094 kWh.

Table 2 – Self Direction Credit Program Information⁶

	# of Projects	Savings (kWh/yr)	Program Admin Cost (\$/yr)	Credits Approved (\$/yr)	Credits Disbursed (\$/yr)
2003	0	0	\$11,579	\$0	\$0
2004	8	583,139	\$217,741	\$647,870	\$234,357
2005	13	10,529,659	\$170,108	\$1,543,094	\$630,902
2006	21	14,815,459	\$186,735	\$1,968,027	\$977,879
2007	31	15,923,943	\$168,824	\$2,923,975	\$1,274,417
2008	18	6,670,827	\$209,124	\$1,350,738	\$1,755,080
2009	13	8,838,067	\$124,531	\$1,664,498	\$2,271,941
Total	104	57,361,094	\$1,088,642	\$10,098,201	\$7,144,576

Through this filing the Company is proposing to consolidate the caps for the two currently available credit types⁷ into one program level cap. The current aggregate annual cap for the two credits is \$1,600,000⁸, which the Company proposes to consolidate into one annual cap set at \$5,000,000. Consolidation of the two credit caps into one is intended to simplify program administration and annual management of the credit cap. The need to increase the self direction credit cap is driven in part by the increased DSM surcharge which became effective September 1, 2009.⁹ As DSM surcharge revenue collection increases, the rate at which self direction credits are utilized also increases.

Based on DSM surcharge revenue forecasts and expected Self Direction Credit program activity, the Company anticipates that credits utilized in 2010 and 2011 would be \$3.1 million and \$3.2

⁵ Source for 2010 is forecast DSM portfolio data for 2010 filed with the Commission on November 2, 2009 in compliance with the Commission's order in Docket No. 09-035-T08.

⁶ Approved credits represent total credits granted to approved projects. Disbursed credits are those which have been utilized as an offset to customer DSM surcharge billings.

⁷ See page 1 of this filing for a description of the currently available 80 percent and 50 percent credits.

⁸ \$1,500,000 for the eighty percent credit and \$100,000 for the fifty percent credit.

⁹ Refer to Docket No. 09-035-T08.

million respectively, should the credit cap be set at a level to absorb this level of credit utilization. Absent an upward adjustment to the cap, utilization of approved credits would be deferred to future years once the annual cap level is reached, lengthening the payback period for approved projects. Setting the cap at \$5,000,000 will allow the cap to absorb the increased level of credit utilization for currently approved projects driven by higher DSM surcharge revenue collection and still allow cap room for new projects. Rocky Mountain Power believes that additional cap room will encourage the development of new cost effective self direction energy efficiency projects.

Adjusting the self direction credit upward does not impact cost effectiveness of the program as a program participant must demonstrate project cost effectiveness prior to project approval and the approval of credits. Rocky Mountain Power is not proposing to change the project eligibility requirements as part of this filing. Nevertheless, Rocky Mountain Power provides cost effectiveness results for the Self Direction program in Attachment A. The data provided for 2003 through 2009 represents actual program results, while data for 2010 and 2011 represent forecast data. The electronic model used to generate these results is provided as Attachments B. The electronic model provided as Attachment B contains proprietary information that would be detrimental to The Cadmus Group, Inc, the contractor who prepared the cost effectiveness results, if disclosed to a competitor. Accordingly, Rocky Mountain Power is filing Attachment B under seal, and requesting that the Commission require any party who wishes to view Attachment B execute a Confidential Information Certificate. For the Commission's convenience the Company has provided as Attachment C a draft Confidential Information Certificate with this filing. Attachment D contains the inputs used by the model provided as Attachment B.

The program will continue to be funded by revenue from the existing DSM surcharge, administered through Schedule No. 193. The Company is not proposing an adjustment to the DSM surcharge as part of this filing. Self direction credits will continue to be disbursed as an offset to DSM surcharge revenue. The status of expenditures compared to the self direction cap and the need for an adjustment to the self direction cap proposed in this filing were discussed with the Demand-side Management Advisory Group during meetings held in October 2008, April 2009, October 2009 and November 2009.

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Blvd., Suite 2000
Portland, OR 97232

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Informal inquiries may be directed to Dave Taylor, manager of Utah regulatory affairs, at (801) 220-2923.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation