ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

201 South Main, Suite 2300
Salt Lake City, Utah 84111

June 3, 2010

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Advice No. 10-05

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. The Company will also provide an electronic version of this filing to tbher@utah.gov. The Company respectfully requests an effective date of July 18, 2010 for these changes.

Third Revision of Sheet No. 111.2	Schedule 111	Home Energy Savings Incentive Program
Fourth Revision of Sheet No. 111.3	Schedule 111	Home Energy Savings Incentive Program
Fourth Revision of Sheet No. 111.4	Schedule 111	Home Energy Savings Incentive Program
Original Sheet No. 111.5	Schedule 111	Home Energy Savings Incentive Program

The purpose of this filing is to propose changes to the Home Energy Savings program, which is offered through Schedule 111. The Home Energy Savings program reduces residential customer energy usage by offering incentives for customers to install various residential energy efficiency measures. Through this filing, the Company proposes changes in incentives and/or qualifications for certain measures and also program modifications intended to streamline program administration. The Company is also proposing a modification to Provision of Service No. 5 in Schedule 111 intended to align the time period during which customers must submit an incentive application subsequent to a Commission approved change to program incentives or qualifying equipment with the time allowed otherwise as described in Provision of Service No. 7.

Proposed Program Measure Changes

Through this filing, the Company is proposing modifications to the Home Energy Savings program intended to align program incentives with revised measure costs, savings estimates and standards and to reflect customer funding made available through other sources such as federal tax credits. The changes proposed herein are designed to maintain or enhance program cost effectiveness.

The Company is proposing to modify incentives, equipment qualifications and/or availability for the following program measures: insulation, windows, lighting, clothes washers, clothes washer recycling, dishwashers, water heaters, HVAC tune-ups, duct sealing and duct insulation. See Attachment C for additional information regarding proposed measure and incentive level changes. The Company proposes to discontinue the room air conditioner recycling offer.

Insulation

The retrofit insulation market in Utah has continued to evolve after the Company and Questar Gas Company energy efficiency program insulation incentives were modified in 2009.[1] Since the revised insulation incentives levels became effective,[2] the installed cost of attic insulation, based on recent program participant application data, declined from the $0.71/square foot identified in Rocky Mountain Power Advice No. 09-04 to $0.40/square foot.

The market conditions described in Rocky Mountain Power Advice No. 09-04 continue to persist as residential construction activity remains relatively slow. Significant competition among insulation contractors exists, which has driven the per square foot installed cost of insulation down to levels equal to the combined Rocky Mountain Power/Questar incentive for gas heated and electrically cooled homes (the most popular configuration for program participation). In addition, a federal tax credit for residential energy efficiency measures installed in 2010 is available.[3]

The Company utilizes a market based approach for administrating the insulation measures provided for in Schedule No. 111. This approach relies on individual customers to make the final procurement decision with respect to selecting a contractor. To the degree a customer is not required to make a personal investment, the incentive to evaluate options and monitor performance is jeopardized. Consequently the incentives associated with the installation of insulation are not designed to offset the entire cost incurred by a customer; rather, where feasible, the Company seeks to establish incentives that are sufficient to stimulate the market while requiring financial participation by participating customers.

The Company is proposing modifications to the attic insulation measure offered through the Home Energy Savings program which reflects current market conditions. In addition, members

[1] Refer to Rocky Mountain Power Docket No. 09-035-T04 and Questar Gas Company Docket No. 09-057-T04.
[2] Rocky Mountain Power's revised incentives became effective June 1, 2009. Revised Questar incentives were effective May 2, 2009.
[3] The Residential Energy Property Credit allows qualifying homeowners to receive a tax credit for making energy efficiency improvements (including insulation) to existing homes.

of the DSM Advisory Group have expressed concern with the Company's current single level incentive for attic insulation (current measure design offers a single per square foot incentive to add a minimum of R-19). Under the current measure design, a customer with an existing level of attic insulation of less than R-18 who added the minimum level of insulation required to qualify for a program incentive (R-19) would not meet current code requirements (R-38) after the retrofit. In order to encourage customers to install greater levels of insulation, the Company is proposing a tiered incentive structure which offers a higher incentive for customers who add R-30. To encourage program participation, the Company is also proposing to offer an additional $200 incentive to customers who install two insulation measures (attic plus wall or floor) at the same time.

The Company proposes that under either tier, the final attic insulation level after installation must be at R-38 or greater, which is in alignment with current residential code requirements. In support of this and to align program attic insulation measure pre-existing depth requirements to that of the Questar program, the Company is proposing the pre-existing insulation level be set at R-20 or less for program qualification. Table 1 below shows the revised insulation incentives proposed by the Company.

Table 1
Proposed Attic Insulation Measure Incentives

Qualification	Current Incentive	Proposed Incentive
Existing R-20 or less, add minimum R-19 – electrically cooled homes, final insulation level is R-38 or greater	$0.20/ square foot	$0.08/square foot
Existing R-20 or less, add minimum R-30 – electrically cooled homes, final insulation level is R-38 or greater	Not available	$0.15/square foot
Existing R-20 or less, add minimum R-19 – electrically heated homes, final insulation level is R-38 or greater	$0.30/ square foot	$0.30/square foot
Existing R-20 or less, add minimum R-30 – electrically heated homes, final insulation level is R-38 or greater	Not available	$0.40/square foot
Additional incentive for installing two or more insulation measures (attic plus wall or floor) at same time	Not available	$200

When determining the cost effectiveness of the proposed attic insulation incentive levels, the Company applied a realization rate of 74.5 percent. In addition, the Company notes evidence from other utility offered energy efficiency programs[4] that are taking a more conservative stance on measure life for insulation than that currently utilized by the program (45 years[5]). In recognition of this trend and in an effort to avoid the overstatement of measure value performance, the economic analysis for this filing utilizes a 30 year measure life for insulation.

[4] Idaho Power – 25 years, California Database for Energy Efficiency Resources (DEER) – 20 years.
[5] Regional Technical Forum

Windows

The residential window market has evolved since the Home Energy Savings program window measure qualifications were adjusted in 2007.[6] Through this filing, the Company proposes to modify the program's window specification requirements to align with the federal Residential Energy Property Credit requirements. The proposed U-Factor requirement aligns with the revised 2010 draft criteria for Energy Star windows.[7]

The Company is also proposing to lower the window incentive from $0.95 per square foot to $0.50 per square foot. The proposed incentive of $0.50 per square foot covers half of the incremental cost of this higher efficiency window. Data from program applications and RS Means indicate that high performance windows in the Utah market cost $1.00 per square foot more than windows that meet the current Energy Star U-factor requirement of 0.35[8]. Table 2 below shows the revised window measure proposed by the Company.

Table 2	
Proposed Window Measure	
Existing Measure	Proposed Measure
U-Factor of 0.35 or lower Solar SHGC of 0.33 or lower $0.95/square foot	U-Factor of 0.30 or lower Solar SHGC of 0.30 or lower Limit to homes with electric cooling $0.50/square foot

In addition to aligning program incentives with draft 2010 Energy Star requirements, this change is designed to sustain momentum for the "0.30 class" window market after the federal tax credit expires at the end of 2010.

The estimated savings and costs for the window measure qualifications proposed herein have been calculated from a baseline window that meets the current Energy Star specifications.[9] To ensure electric savings from each window installation, the Company also proposes that customers must have electric cooling to be eligible for incentives under this measure.

The Company employs a market based approach for administrating the window measures provided for in Schedule No. 111. This approach relies on individual customers to make the final procurement decision with respect to selecting a vendor. To the degree a customer is not required to make a personal investment, the incentive to evaluate options and monitor performance is jeopardized. Consequently the incentives associated with the installation of windows are not designed to offset the entire cost incurred by a customer; rather, where feasible, the Company

[6] Window incentives were modified effective March 23, 2007 in Docket No. 07-035-T09.
[7] Energy Star requirements for northern climate zone do not specify an SHGC (Solar Heat Gain Coefficient) rating.
8 As noted, Energy Star does not require a SHGC rating for windows in the northern climate zone. For the purposes of savings analysis, an SHGC of 0.45 was utilized. This rating was utilized based on market data from Utah window manufacturers.
[9] U factor of 0.35 and utilizes a SHGC of 0.45 based on standard market practice in Utah. See note 7 on SHGC requirements for Energy Star for Utah's climate zone.

seeks to establish incentives that are sufficient to stimulate the market while requiring financial participation by participating customers.

Lighting

The Home Energy Savings program lighting measure, which has remained unchanged since the program was introduced in 2006, provides incentives for compact fluorescent light bulbs (CFLs) via a retail price point buy-down model. The current program tariff makes available incentives for three specific wattages and further specifies that this measure is to be offered on a six month basis, from October 1 through March 31 of the following year.

Incentives for this measure are currently provided at the manufacturer or retailer level, "up-stream" from the end use customer. This incentive delivery structure encourages customers to participate in the program by offering CFLs at a discounted price point at select retailers throughout Rocky Mountain Power's Utah service territory. Incentive delivery at this point in the retail sales chain results in minimal customer transaction costs and lower program administration costs. In addition, this delivery model changes customer behavior for a low cost commodity at the point of purchase; i.e, "look for and purchase CFLs instead of incandescent bulbs at your normal retail outlet."

Management of the incentives, including identifying bulbs that would benefit from incentives, forecasted sales volumes by bulb type, and incentive costs necessary to achieve a target selling price is done by the program administrator using agreements with manufacturers and retailers. These agreements may include commercial terms such as maximum number of bulbs eligible for incentives, time periods in which incentives are paid, invoicing and data requirements, etc. These agreements are routinely revised, modified or amended as required. In some cases, incentives for bulbs may be discontinued if the average selling price absent incentives is low enough so that customers continue to purchase bulbs. At this time only bulbs receiving an incentive are included in energy savings reporting and bulbs that do not receive program incentives are not included in savings reporting. This approach has been utilized absent a fully developed policy addressing energy savings attribution resulting from market transformation activities.

These changes in retailer and manufacturer incentives are managed without modifications to the customer offer (retail price for CFLs of $1.49 or less) in the program tariff and as such, in the Company's judgment, have not required changes to the tariff. The Company proposes the structure currently in place, described above, for managing upstream incentives for the lighting measures continue should the Commission approve the revisions proposed herein.

The lighting market has changed since the inception of this measure, with increased sales and installation of basic CFLs and the advancing federal lighting standards contained in the Energy Independence and Security Act of 2007 (EISA). The Company's proposed modifications to this measure are designed to increase residential lighting energy savings acquired through the program by expanding the measure to include advanced (or specialty) lighting products for which incandescent bulbs remain a credible alternative for many consumers. Table 3 below shows the revised lighting measure qualifications and incentives proposed by the Company.

Table 3		
Proposed Lighting Measure		
Qualifications	Existing Measure	Proposed Measure
Compact florescent lamp (CFL) Screw-in, 14W, 16W, and 23W Energy Star qualified	CFLs available for $1.49 (or less) at selected retailers – available from October 1 to March 31	Included in screw in bare spiral category below.
Compact florescent lamp (CFL) Screw-in (Bare Spiral) Energy Star qualified	Not available	CFLs available for $2.50 (or less) at selected retailers – available year round
Specialty Compact florescent lamp (CFL) Screw-in (CFL Candelabra, Cold Cathode) Energy Star qualified	Not available	CFLs available for $6.00 (or less) at selected retailers – available year round
Specialty Compact florescent lamp (CFL) Screw-in (Globe, Reflector, 3-Way, A-Lamp, Outdoor Lamp) Energy Star qualified	Not available	CFLs available for $8.00 (or less) at selected retailers – available year round
Specialty Compact florescent lamp (CFL) Screw-in (Dimmable) Energy Star qualified	Not available	CFLs available for $14.00 (or less) at selected retailers – available year round

In addition to adding advanced lighting to the measure, the Company proposes to make the CFL offerings available year round and to remove references to specified wattages. The year round measure proposal is designed to align the Company's lighting offer with the change in retailer stocking practices and to respond to manufacturer and retail requests for continuity. In addition, a year round offer continues to reinforce the customer message that efficient lighting is widely available and competitively priced and not tied to seasonal campaigns or promotions. As efficient lighting sales increase and federal lighting standards begin to affect the market, the Company has taken a conservative approach to the economic analysis for this measure and utilized a measure life of 5 years for CFLs, down from the 9 year measure life used for previous economic analysis. When determining the cost effectiveness of the proposed attic insulation incentive levels, the Company applied a realization rate of 97 percent.

Light Fixtures

Incentives for the light fixture measure are based on costs, energy savings and the measure life for a light fixture that is permanently attached to a residence. The costs, energy savings and measure life for plug in lamps are different and this incentive was not intended for plug in lamps. To better align the tariff provisions with the design intent of this measure, the requirement for "hardwired" has been added. The Company is not proposing to change the incentive.

Clothes Washers

The current clothes washer measure offers a two tier incentive structure for the purchase of a qualified energy efficient unit regardless of water heating fuel source. Washing machine

efficiency is measured by Modified Energy Factor (MEF), which is developed and maintained by the U.S. Department of Energy. Program incentive tiers for the clothes washer measure are differentiated by MEF. Water heating and dryer heating fuel sources are tracked on customer incentive applications and per unit reported savings is based on MEF, water heating and dryer fuel source. Recent upward revisions to clothes washer MEF requirements for Energy Star compliance have driven an upward trend in the efficiency of equipment available in the market.

These changes triggered a more comprehensive review of the clothes washer measure activity in Utah. Data points reviewed included purchase volumes by MEF, dominant water and dryer fuel configurations reported by customers on incentive applications, and costs and baselines utilized for program planning by other utilities and regional experts.[10] As a result of this review, the Company found that customers are purchasing clothes washers at the higher end of the current MEF scale, gas water heating and electric dryer fuel is the dominant configuration in the Company's Utah service territory and that many utilities and regional experts are advancing their program baselines beyond the current federal standard of 1.26 MEF in their planning and evaluation of clothes washer measures.

Based on the findings of the above referenced review, the Company believes it is appropriate to utilize a baseline MEF of 1.66 compared to an MEF of 1.26 used in prior clothes washer measure planning assumptions. The Company proposes to maintain the two tier incentive structure and adjust the MEF qualifications upward. In consideration of the revised baseline reflecting higher efficiency and better information regarding the dominant water heat and dryer fuel configuration in the Company's Utah service territory (gas water heat and electric dryer fuel), the Company also proposes to restrict clothes washer incentives to units served by electric water heating equipment in order to reflect the decreasing incremental savings and maintain cost effectiveness of the clothes washer measure. In addition, the Company is proposing to add a water factor rating of 6.0 and below for the lower tier. A water factor is the number of gallons needed for each cubic foot of laundry. The lower the water factor, the more efficient the washer is. A water factor isn't necessary for the higher tier as the higher MEF ensures a low water factor. Table 4 below shows the proposed clothes washer measure incentives and qualifications.

Table 4

Proposed Clothes Washer Measure

Existing Measure	Proposed Measure
MEF 1.72-1.99 - $50 incentive	MEF 2.0-2.45 and water factor 6.0 and below; limit to homes with electric water heat - $50 incentive
MEF 2.0+ - $75 incentive	MEF 2.46+, limit to homes with electric water heat - $75 incentive

[10] Northwest Power and Conservation Council – 6th Power Plan

Clothes Washer Recycling

Currently, the clothes washer recycling measure provides a $25 incentive to retailers who recycle a Rocky Mountain Power customer's old clothes washer after they purchase an efficient model eligible for program incentives through the clothes washer measure. This measure ensures that older inefficient clothes washers are not placed back into service through the secondary market. The Company is proposing to modify the process by which a retailer receives an incentive under this measure.

Currently, a customer incentive application for a qualifying new clothes washer must be processed before the retailer is sent an incentive for recycling the replaced clothes washer. The Company proposes to eliminate the customer application requirement and send incentives to retailers when they provide documentation that they recycled a machine replaced by a machine eligible for a Rocky Mountain Power incentive. The Company expects that streamlining the retailer incentive process will encourage additional retailers to participate in this measure.

The Company also notes that should the Commission approve the proposed modifications to the clothes washer measure detailed above, the savings reporting for the clothes washer recycling measure will change for machines recycled after the effective date as machines recycled thereafter will only be from homes with electric water heat.

Dishwashers

A $20 incentive is available through the Home Energy Savings program to consumers who purchase a qualified Energy Star dishwasher.[11] Based on new federal standards for dishwashers that went into effect in January 2010, the cost effectiveness of this measure will be negatively impacted if the Energy Star standard remains as the incentive qualification for this measure. To address this issue, the Company proposes to change the dishwasher program eligibility standard from "Energy Star qualified" to dishwashers that have an energy factor (EF) of 0.72 or higher. This EF level aligns with the Consortium for Energy Efficiency (CEE) Tier 1, which represents a maximum kWh/year of 307 and a maximum gallons per cycle of 5.0. In comparison, Energy Star currently requires a maximum kWh/year of 324 and a maximum gallons per cycle of 5.8. The Company intends to use the new federal standard as the baseline in planning assumptions for this measure. As the new baseline represents a higher efficiency dishwasher, fewer savings are made available by each unit even when the proposed 0.72 EF standard is accounted for. As such, the Company proposes to limit the availability of this measure to homes utilizing electric water heating. The Company is not proposing an adjustment to the incentive. Table 5 illustrates the proposed measure qualifications.

Table 5

Proposed Dishwasher Measure

Existing Measure	Proposed Measure
Energy Star qualified - $20 incentive	$\geq$ 0.72 energy factor (EF), limit to homes with electric water heat - $20 incentive

[11] Energy Star standards for dishwashers changed on August 11, 2009 and are scheduled to change again on July 1, 2011.

Room Air Conditioners

The Home Energy Savings program offers a $30 incentive to customers who purchase an Energy Star qualified room air conditioner. This measure is currently available from April 1 through August 30 of each year to coincide with retailer stocking practices and the peak sales period for these appliances. To improve measure participation and streamline program administration the Company proposes to extend this measure to a year round offering. The Company is not proposing a change to the incentive for this measure.

Room Air Conditioner Recycling

Currently, a $20 incentive is offered through the Home Energy Savings program to customers who recycle an old room air conditioner unit. To qualify for an incentive, the customer must also purchase a program qualifying room air conditioner. The intended delivery channel for this measure was "turn in" events operated in conjunction with retailers who sell program qualifying room air conditioner units. A lack of retailer interest and the availability of recyclers with the appropriate licensures and disposal facilities to deliver recycling services for turn-in events at an affordable price have led to a lower participation rate for this measure than expected. For these reasons, Rocky Mountain Power proposes to discontinue this measure.

Water Heaters

The Home Energy Savings program currently offers a $50 incentive to customers who purchase a 40+ gallon electric water heater with an Energy Factor (EF) of 0.93 or more. EF requirements for water heaters are generated at the federal level and depend upon tank volume and are lower for larger tanks sizes. Tanks meeting the current requirements are available in the 40-49 gallon range. Larger tanks meeting the current 0.93 requirement are not widely available and most participation to date has been in the smaller tank sizes. In recognition of the savings available from upgrades in the larger tank sizes, the Company proposes that three separate EF requirements be used for the three most common electric water heater tank sizes. EF specific to common tank sizes should help provide a clearer message to the retailer suppliers and plumbing contractors about efficient options that are eligible for incentives. Table 6 below illustrates the proposed EF qualifications by tank size. The Company is not proposing a change to the program incentive.

Table 6

Proposed Electric Water Heater Measure

Existing Measure	Proposed Measure
≥ 40 gallon tank ≥.93 Energy Factor (EF) $50 incentive	40 - 49 gallon tank ≥.93 Energy Factor (EF) $50 incentive
	50 - 65 gallon tank ≥.91 Energy Factor (EF) $50 incentive
	≥ 66 gallon tank ≥.89 Energy Factor (EF) $50 incentive

HVAC Tune-Ups

The original design intent of this measure was to promote a systematic energy savings approach to preventative maintenance work done by a homeowner's regular HAVC contractor and to improve the focus on energy savings by HVAC contractors offering tune-up services. Savings estimates used in program planning are based on a weighted average of unit size. The current measure offers the same customer and contractor incentives for both air conditioning unit and heat pump unit tune-ups. This was done for purposes of administrative ease and to determine whether the level of contractor interest in the measure justified program training and quality assurance follow-up.

During 2009, a few contractors without existing end use customer relationships entered the market and began marketing this measure on a volume basis. Program results have shown that measure participation has been the highest at multi-family sites, which typically utilize smaller units than the average Utah home. Larger than anticipated measure participation by multi-family sites have weighted the measure energy savings downward such that adjustments to the measure are necessary to maintain cost effectiveness. In addition, the presence of new high volume contractors has introduced some uncertainty regarding the actual costs of providing tune-up services.

To address these issues, Rocky Mountain Power proposes to split the combined air conditioner and heat pump tune up measure into equipment specific categories. The Company also proposes to adjust the customer and contractor incentives to align with the available savings from air conditioning and heat pump units. Annual energy savings for air conditioner tune-ups are assumed to be 62 kWh/year and heat pump savings are assumed to be 534 kWh/year. Table 7 below show the proposed qualifications and incentives for the HVAC tune-up measure.

Table 7

Proposed HVAC Measure	
Existing Measure	Proposed Measure
AC or heat pump tune-up $100 customer incentive $25 contractor incentive Year round offer Contractor required	AC tune-up $20 customer incentive $0 contractor incentive Year round offer Contractor required
	Heat pump tune-up $75 customer incentive $25 contractor incentive Year round offer Contractor required

Duct Sealing and Duct Insulation

Under the current program design, the duct sealing and duct insulation measures are offered separately. The duct sealing measure is designed to achieve energy savings through a systematic approach to this work. Prior to the implementation of this measure, duct sealing work was being

performed in the market, but quality and attention to a systematic practice varied widely. The same incentive is offered for homes with electric cooling and electric heating. Savings assumed in planning estimates have been based on a weighted average of electric cooling vs. electric heating configurations. The duct insulation measure was added to the program in 2007.[12]
Rocky Mountain Power proposes to combine the duct sealing and duct insulation measures into one in order to promote best building practices, achieve greater assurance of the quality of work being performed and ensure that savings from both sealing and insulation are acquired at the same time. The Company further proposes to offer separate incentives for this combined measure for homes with electric cooling and those with electric heating, as the potential savings between these two configurations varies. As the revised savings estimates show greater savings from electric heating configurations, the Company proposes to increase the customer incentive for electric heating over the current combined sealing and insulation incentives available for electric heating and electric cooling configurations. Provided in Table 8 below is the proposed measure qualifications and incentives.

Table 8

Proposed Duct Sealing and Duct Insulation Measure

Existing Measure	Proposed Measure
Duct sealing - electric heating or cooling - $150 customer incentive - $50 contractor incentive	Duct sealing and insulation - electric heating only - $300 customer incentive - $50 contractor incentive
Duct insulation - electric heating or cooling - $75 customer incentive - $25 contractor incentive	Duct sealing and insulation - electric cooling only - $150 customer incentive - $50 contractor incentive

Administrative Changes - Time for Processing Prior Offers

In Advice No. 09-13, the Company filed for implementation of a flexible tariff format for the Home Energy Savings program. The intent of this tariff format is to allow the Company the flexibility to react to market changes in a responsive timeframe. The process established as a result of this filing requires that prior to implementing a modification to the Home Energy Savings program, the Company must 1) provide the proposed changes to the DSM Advisory Group for comment and 2) submit an advice filing with the Commission which provides justification for the proposed changes after comments from the DSM Advisory Group have been received. When the Company filed for implementation of this process in Advice 09-13, Provision of Service No. 5 in the tariff provided customers a 45 day window after a program offer has changed to request incentives, i.e. a customer would have 45 days subsequent to a measure change to submit an incentive application for that measure.[13] Provision of Service No. 7 established a 90 day window for customers to submit an incentive application absent any program changes and this 90 day requirement is included in the current program incentive applications. While the Provisions of Service language could be modified to provide additional clarity surrounding the two different time periods for application submittal, the Company is

[12] Refer to Rocky Mountain Power Advice No. 07-09.
[13] Program offer changes are subject to Commission approval.

proposing to operate the program with a 90 day window to minimize customer confusion and simplify program administration. This filing proposes to modify the language of Provision of Service No. 5 to allow customers 90 days after the implantation of a measure change to submit an incentive application.

Regarding the period of time allowed for customers to submit an incentive application, the Company seeks an interpretation with respect to the Commission's intent regarding the strict application of the 90 day requirement for receipt of incentive applications and whether reasonable exceptions to the 90 day period are acceptable on a case by case basis.

Sensitivity Analysis

The decrement values generated by the 2008 integrated resource plan (IRP) were used as the avoided costs and can be found on p. 285 of Volume II of the 2008 IRP. Two sets of decrement values, each tracking different carbon assumptions were generated through the modeling. The Company used the $45/ton stream of values for this analysis. The selection of these values was based on one of the key attributes of energy efficiency resources, i.e. it is "zero carbon".

Cost effectiveness sensitivity for the 2009 actual program results are provided in support of this filing. The sensitivity includes utilization of shorter measure lives for insulation and lighting measures, both large drivers of overall program costs and savings, and the use of a savings realization rate for attic insulation.[14] The shorter measure lives and attic savings realization rate were assumed in analyzing the proposed program changes. In addition, the net-to-gross rates from initial data in the 2006 - 2008 Home Energy Savings program draft impact and evaluation study are also utilized. Two scenarios are provided in Attachment F and H and may be compared to the 2009 results utilizing planning assumptions provided in Attachment D. Savings per participant, sources of savings and costs and 2010 participation estimates used in analyzing the changes proposed herein are provided in Attachment M.

In addition to the 2009 program level cost effectiveness sensitivity analysis, cost effectiveness sensitivity at the measure level for 2010 is provided as Attachment J. The inputs utilized in this analysis are provided in Attachment M.

The Home Energy Savings program remains cost effective with the changes proposed herein under a variety of sensitivity scenarios. Sensitivity of the 2010 program to carbon costs was performed using the 2008 IRP decrement values based on $8/ton carbon. These economic analysis results can be compared with results utilizing the $45/ton decrement values. In addition, sensitivity on the 2010 program savings and measure life was also performed. The results are provided in Attachment N.

[14] Savings realization rate utilized is 74.5%. Data source is the draft 2006 - 2008 impact and evaluation study for the Home Energy Savings program.

Projected Program Energy Savings

The Home Energy Savings program (as proposed in this filing) contribution to the 2010 IRP energy efficiency target is 70,889 MWh.[15] On November 2, 2009, the Company identified in its 2010 DSM Projected Expenditures and Savings report a 2010 target of 68,709 MWh for the Home Energy Savings program.[16]

Program Evaluation

A formal third party process and impact evaluation is currently underway for the Home Energy Savings program for program years 2006 to 2008. The draft report for the evaluation is expected to become available during June or July 2010. Final results of the evaluation will be provided to the Commission, Division of Public Utilities, Office of Consumer Services and the Demand-Side Management Advisory Group when available. Evaluations of 2009 will be started in 2011.

Recent Communication Regarding Proposed Changes

The changes proposed in this filing were discussed with the DSM Advisory Group on Oct 28, 2009 and February 23, 2010. A copy of the draft filing was provided to the DSM Advisory Group on May 5, 2010. Several questions and comments were received from parties. Feedback received has been incorporated into this filing as appropriate. The Company's responses to the submitted questions and comments will be shared with the DSM Advisory Group.

On February 16, 2010, Rocky Mountain Power and Questar Gas Company jointly hosted the second annual meeting for insulation contractors. Approximately 79 firms were represented and 102 people were in attendance. In addition to information on quality assurances processes and marketing, Rocky Mountain Power described the tiered insulation levels and associated incentives proposed in this filing.

In addition, language has been added to all relevant program Web pages which provides notification of the program incentive and qualification modifications proposed in this filing.

Several attachments are provided as support to the program modifications requested herein. A table summarizing these attachments is provided as Attachment A. The electronic models provided as Attachments E, G, I, K, L, O, P, Q, R, S, T, U and V contain 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 Attachments E, G, I, K, L, O, P, Q, R, S, T, U and V under seal, and requesting that the Commission require any party who wishes to view these attachments execute a Confidential Information Certificate. For the Commission's convenience the Company has provided as Attachment B a draft Confidential Information Certificate with this filing.

[15] This number reflects savings realization rates.
[16] Refer to Docket No. 09-035-T08

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.

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

By E-mail (preferred): datarequest@pacificorp.com
aaron.lively@pacificorp.com
daniel.solander@pacificorp.com

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

Aaron Lively
Regulatory Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111

Daniel Solander
Senior Counsel
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111

Informal inquiries may be directed to Aaron Lively, regulatory manager, at (801) 220-4501.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

cc: Artie Powell/DPU
Michele Beck/OCS