

April 7, 2011

***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 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Docket No. 11-035-44 - Application of Rocky Mountain Power for Approval of a
Promotional Program Pursuant to R746-404

On March 7, 2011, Rocky Mountain Power (the “Company”) filed an application (the “Application”) with the Commission seeking approval of a promotional campaign (the “Video Contest” or “Contest”) intended to increase awareness of and participation in the Company’s Utah demand-side management programs. As described in the Application, the Video Contest consists of a promotion which encourages residential customers of the Company to create videos which demonstrate energy efficient practices within the home. Entrant videos will be reviewed by a Company-appointed panel of judges who will select the Best Video Grand Prize¹ and Best Video Runner Up² winners. A People’s Choice award is available for the entrant whose video receives the most votes from the public³ and customers that do not submit a video entry but vote on the submitted videos will be entered into a drawing for the Voters award⁴.

The Company intends for the Video Contest to be a component of the demand-side management communications and outreach campaign (the “*wattsmart* Campaign” or “Campaign”) originally approved by the Commission in Docket No. 09-035-36. Because the Video Contest is promotional in nature, the Company has filed for approval of the Contest in compliance with Commission Rule R746-404. The objectives of the Video Contest are to generate awareness of and increase interest in energy efficiency in general and to drive participation in the Company’s demand-side management programs. The Company expects that the prizes offered through the proposed Video Contest will generate public interest which will contribute towards the accomplishment of the stated Contest objectives. The Video Contest will be promoted under the established *wattsmart* brand and will add to the diversity of the marketing strategies employed under the *wattsmart* Campaign.

¹ Best Video Grand Prize winner will receive up to \$10,000 for the installation of energy efficient improvements in the winner’s residence or the purchase of energy efficient appliances.

² Best Video Runner Up winner will receive up to \$2,500 for the same.

³ People’s Choice winner will receive up to \$2,000 for the same.

⁴ Voters Award winner will receive up to \$500 for the same.

On March 31, 2011, both the Division of Public Utilities (the “Division”) and the Office of Consumer Services (“the Office”) submitted comments concerning the Company’s Application in Docket No. 11-035-44. Rocky Mountain Power herein provides responses to the comments of the Division and Office in turn.

Comments of the Division

In their comments, the Division of Public Utilities recommended the Commission approve the Video Contest as proposed by the Company on the condition that the Commission direct the Company to explain how the Contest prizes will be awarded and how it will ensure that prize monies will be directed towards the stated intention of installing energy efficiency improvements in the prize winners’ residences or the purchase of energy efficient appliances. In response, the Company provides the following.

Rocky Mountain Power has partnered with Lowe’s Home Improvement to be the retail outlet through which the Video Contest winners are able to redeem their prizes. Once the prize winners are selected, the Company will work with each to determine which Lowe’s location they would like to establish as their prize redemption location; there are 16 Lowe’s stores located throughout Utah. After the prize winners have selected their individual Lowe’s location, the Company will establish a commercial escrow account in the name of each prize winner at their selected Lowe’s location. Escrow accounts for each prize winner will be funded at the prize level awarded. Prize winners will be able to redeem their prizes by making purchases through their escrow account. The prize winner will be established as the authorized purchaser on the account; the prize winner may also appoint other authorized purchasers such as a spouse or the prize winner’s contractor. The account will remain active until the prize winner has exhausted the available funds.

To ensure that prize monies are limited to the purchase and installation of energy efficiency improvements and/or energy efficient appliances, the management team of the Lowe’s locations which are selected by the prize winners will be advised that purchases on the escrow accounts are to be limited to the purchase and installation of energy efficiency improvements and/or energy efficient appliances. The prize winners will also be advised of the purchases that can be made on the account and will be required to sign an agreement stating that purchases made on the account will be for the installation of energy efficiency upgrades and/or energy efficient appliances. Rocky Mountain Power will be provided with information on what items have been purchased through each account. The escrow account will be prefunded and any returns of purchases made on the account will be credited to the account thereby ensuring prize winners are not able to get cash back on returned items.

To assist the prize winners in making purchases on the account, the Company will provide a recommended shopping list to the prize winners prior to the establishment of the escrow accounts. Items on the recommended shopping list will include, but will not be limited to: lighting fixtures, ceiling fans, energy efficient lighting, clothes washers, dishwashers, electric storage water heaters, room air conditioners, refrigerators and windows. This list is not meant to be exhaustive, rather it is provided to illustrate what products a prize winner might purchase to redeem their prize. In addition, Lowe’s can provide each prize winner with an in-store consultant

who is knowledgeable about energy efficient products and ENERGY STAR appliances to assist prize winners in making purchases. Further, the Company's Home Energy Savings Program contractor, PEI, has offered to make one of their employees available to each prize winner as a personal shopper during the prize winner's initial visit to their selected Lowe's location. The PEI personal shopper would act as a consultant to the prize winner and would make customized recommendations based on the prize winner's individual circumstances.

Office of Consumer Services

The Office recommends in their comments concerning the Application that the Commission not approve the Video Contest at this time and require the Company to provide the following information before the Commission considers approval of the Video Contest:

1. Expressly articulate the net benefits with measurable outcome metrics described in section 7 of the application as mandated in R746-404-3(d) and for Contest evaluation.
2. Provide a complete application including complete Contest rules and a detailed marketing plan with explicitly stated targets/outcomes and measurement methodology.

The Office also proposes that the Commission allow parties an additional opportunity to comment once the supplemental information concerning the Video Contest is provided. Rocky Mountain Power provides the following in response to the comments of the Office.

The Office expresses concern that the Company's Application contains insufficient information regarding how benefits expected to be achieved through the Video Contest will be measured. The Office also argues that the Company's Application does not meet the standard established in Rule R746-404-3(d) which requires that promotional programs must be reasonably expected to promote the interests of the utility and its customers and must result in a demonstrable net ratepayer benefit.

The Company believes its Application meets the standards established in R746-404 and is consistent with past Commission practice concerning advertising and promotional programs of Rocky Mountain Power. As expressed in the Company's Application, the following benefits are expected to be achieved through the Video Contest:

1. Increase awareness of electricity conservation efforts and the associated benefits;
2. Demonstrate simple and cost-effective actions that customers can take to conserve electricity;
3. Demonstrate that many conservation measures are cost effective and easy to do and can reduce energy costs; and
4. Increase awareness of and participation in Rocky Mountain Power's demand-side management programs, thereby increasing the electric savings acquired through these programs.

The Company fully expects that the proposed Video Contest will accomplish these objectives and that net ratepayer benefit will be achieved as awareness of and interest in electricity conservation is increased, thereby driving incremental participation in and savings acquired

through the Company's demand-side management programs. In projecting these benefits, however, the Company cannot calculate a specific forecast of energy savings expected to be acquired as a result of the Contest, nor can it conduct an analysis to demonstrate net benefits expected to be achieved through the Contest from a numerical perspective. Rocky Mountain Power does not believe such an analysis is necessary to meet the standards of R746-404 and that the requirement of such information is not consistent with past Commission practice concerning advertising and promotional campaigns of the Company.

The foregoing is consistent with the Company's filing which sought approval of the overarching *wattsmart* Campaign – of which the Video Contest proposed herein is to be a component – which was approved by the Commission in Docket No. 09-035-36. In that filing, the Company stated that while the increased awareness of and participation in the company's demand-side management programs expected as a result of the Campaign would benefit all customers, savings achieved as a result of the Campaign could not be directly attributed to the Campaign. The Company did not include a forecast of projected energy savings expected to be achieved through the *wattsmart* Campaign in this filing. Alternatively, the Company proposed that the *wattsmart* Campaign's effectiveness be monitored over the three year period through customer survey work⁵ as well as through pre and post Campaign research and that Campaign costs be included in assessing the cost effectiveness of the Company's Utah demand-side management portfolio as a whole. The Company indicated that the Utah portfolio would remain cost effective inclusive of the *wattsmart* Campaign's costs over its three year period.⁶

As stated previously, the Company fully expects that participation in its demand-side management programs will increase as a result of increased awareness in energy efficiency generated by the Video Contest, i.e. the net benefits achieved through the Contest will be increased electricity savings acquired through the Company's demand-side management programs. The impact of the Video Contest along with all other *wattsmart* Campaign efforts will be assessed in survey work done to assess the effectiveness of the Campaign and costs of the Contest will be included in the \$1.5 million *wattsmart* Campaign annual budget in assessing the cost effectiveness of the Utah demand-side management portfolio.

The Company would also note that the Commission has approved promotional campaigns previously without requiring a specific numerical assessment of net benefit to be achieved through the promotion, which the Office seemingly argues is a necessary component of an application seeking approval of a promotional program. In Docket No. 10-035-T10, the Company sought approval of a promotional campaign for its Blue Sky program. As articulated in the Company's filing, the gathering of valuable information regarding customers' understanding of the Blue Sky program and increased program participation driven by the promotional concession were among the benefits expected to be achieved through the proposed campaign. The Company did not, however, provide a numerical assessment of expected benefits to be

⁵ On October 14, 2010 in Docket No. 09-035-36, the Company filed with the Commission the results of survey work that was conducted to assess the effectiveness of the first year (July 1, 2009 through June 30, 2010) of the *wattsmart* Campaign.

⁶ Through 2010, inclusion of the *wattsmart* Campaign's costs in the Utah portfolio has not negatively impacted cost effectiveness results.

achieved through the campaign in its filing. On August 9, 2010, the Commission approved the Company's proposed Blue Sky promotional campaign stating at page 6 of the Order that "We find it is reasonable for the Company to endeavor to obtain additional information to identify barriers to participation in the Blue Sky Program and ways to enhance the Program participation and effectiveness" and "The use of a crowd-sourcing application coupled with an incentive appears to be a novel, efficient way to disseminate information and obtain feedback about the Program."

The Company believes the Video Contest is similar in nature to the Blue Sky promotional program which the Commission approved and is consistent with the objectives of the overarching *wattsmart* Campaign. For these reasons, the Company believes its Application meets the standards established in R746-404, is consistent with previous Commission rulings on advertising and promotional campaigns and is in the public interest.

Through their comments, the Office also argues that the Company's Application is incomplete and that substantive information gaps remain. They contend that the Application should have included, among other items, a detailed marketing plan, judge qualifications, judging criteria and weighting and other procedural rules. Rocky Mountain Power argues that its Application as originally submitted is complete and was prepared consistent with the requirements established in R746-404 and with prior applications filed with the Commission seeking approval of promotional campaigns. The Company provided all information requested by the Office through the discovery process and would note that several items which the Office contends are necessary components of the Application, including a marketing plan and Contest rules, were not requested by the Office through the discovery process.

In an effort to provide all materials concerning the Contest which are available, the Company provides the following information:⁷

1. The Company's marketing plan for the Contest is provided as Attachment A.
2. The terms and conditions of the Contest are provided in Attachment B.
3. The appearance consent and release form which Contest entrants will be required to sign as a condition of participation is provided as Attachment C
4. The online Contest entry form (in test design mode) can be viewed at the following link: <https://wwwtest.rockymountainpower.net/env/ws/en.wcssn.html>.

The Office further recommends to the Commission that parties be given additional opportunity to comment on any supplemental Contest information provided by the Company as ordered by the Commission. Rocky Mountain Power believes that the Office's request for an additional comment period is unnecessary and will unduly delay the implementation of the Contest. As stated previously, the Company believes its Application as originally filed is complete and is in compliance with the standards established in R746-404. In addition, delaying consideration of this matter to allow for a second round of comments will delay implementation of the Contest.

⁷ Note that these materials were prepared in anticipation of an April 13, 2011 launch date for the Contest.

As stated in the Application, the Company had intended to commence public outreach of the Contest on April 13, 2011. Specifically, the Company planned to publically launch the Contest at the April 13, 2011 Utah Jazz game through utilization of the existing *wattsmart* Campaign Green Team sponsorship. The Company anticipated that public awareness would be generated by launching the Contest in this manner. Considering the short amount of time between the date of this response and the originally planned April 13, 2011 launch date, the Company is in the process of developing an alternative marketing launch strategy for the Contest in the event the Commission does not issue an order in the timeframe originally requested by the Company in its Application. Once developed, the alternative launch strategy will be circulated with the advisory group prior to implementation should the Commission grant approval of the Contest.

The Company would also note that summary information concerning the Contest was shared with the Demand-Side Management Advisory Group at the February 7, 2011 advisory group meeting and initial concepts of the Contest were included in the *wattsmart* campaign year 1 and year 2 plan and budget filings submitted by the Company in Docket No. 09-035-36. No concerns regarding the Contest were raised by parties at the advisory group meeting or in response to the Campaign year 1 and 2 plan and budget filings. For these reasons, Rocky Mountain Power respectfully requests the Commission deny the Office's request for an additional comment period.

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

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

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

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

cc: Division of Public Utilities
 Office of Consumer Services

Enclosures