

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Request for a Home)
Energy Report Pilot Program) DOCKET NO. 12-035-77
)
) ORDER
)

ISSUED: May 15, 2012

By The Commission:

On April 13, 2012, PacifiCorp (“Company”), d/b/a Rocky Mountain Power, filed a request to implement a Home Energy Report pilot program (“Pilot Program”) and to recover associated costs through the Schedule 193 Demand Side Management (“DSM”) Cost Adjustment account. The Company’s filing also included comments from the Southwest Energy Efficiency Project (“SWEEP”). On April 18, 2012, the Commission issued an Action Request to the Division of Public Utilities (“Division”) for a review of the Company’s filing. On May 2, 2012, the Commission received comments from the Division and Office of Consumer Services (“Office”) recommending approval of the Company’s proposed filing, and on May 7, 2012, the Division submitted revised comments.

In our June 6, 2011, Order on Home Energy Reports (“Order”) in Docket No. 08-999-05¹, we affirmed our support for the concept of a home energy reporting program for the Company’s Utah ratepayers and directed the Company to work with the DSM Advisory Group to determine report features and participation levels prior to filing the program for Commission approval. The Order further directed the Company to identify areas of agreement, along with any remaining areas of disagreement among DSM Advisory Group members regarding program

¹ In the Matter of the Consideration of the Amendment of Title 16 U.S.C. 2621(d) and the Addition of Title 42 U.S.C. 6344 by the U.S. Energy Independence and Security Act of 2007.

composition or design. In this filing, the Company indicates it met with a DSM Advisory Group Subcommittee (“Subcommittee”) consisting of the Division, Office, Utah Association of Energy Users (“UAE”), Utah Clean Energy (“UCE”), Western Resource Advocates (“WRA”), and SWEEP. According to the Company, this Subcommittee met on three occasions between February and March 2012 in an effort to reach agreement on the Pilot Program’s elements and design, specifically addressing issues raised in earlier meetings of the DSM Advisory Group.

PARTY POSITIONS

In their responsive comments, both the Division and the Office point out two areas of disagreement among parties: Pilot Program duration, and Pilot Program participant composition. Regarding the issue of Pilot Program duration, the Company argues the Pilot Program should have a duration period of 41 months and claims this will be the time needed to sufficiently evaluate the program’s performance. Within this 41-month period, the Company recommends two measurement and validation periods at the end of months 18 and 36 of the Pilot Program. During the remaining 5 months, the Company proposes to review Pilot Program outcomes, prepare a report on findings, and make recommendations as to whether to continue the program.

The Division and Office do not object to the proposed duration of the Company’s Pilot Program. The Office notes in its comments that it might be possible to adjust the length of duration and the composition of the participants during the second measurement period of the Pilot Program, if justified by the initial data. However, SWEEP expressed concern the 41-month Pilot Program period was excessive. However, the Company contends the DSM Advisory Group addressed this concern by agreeing to review the Pilot Program at the end of the initial

18-month evaluation period. If the group finds the additional 18-month Pilot Program term is not warranted, the group would recommend moving to an expanded program or agree on the viability and extension of the program at that time rather than continuing with the Pilot Program as proposed.

The Office and SWEEP both object to the proposed composition of the participants in the Pilot Program. Both parties would like to see customers with more average usage profiles included. SWEEP proposes to simply replace about 10 percent of the pool with customers with lower usage, while the Office suggests that during the second measurement period the participant pool composition could be adjusted to add in lower usage customers. The Company argues that only relatively high use customers should be selected for inclusion in the Pilot Program. Since the Company must pay the vendor on a per customer/per report basis the Company argues the potential for the program to have a positive net present value (passing the cost benefit tests with a value greater than one) decreases significantly as lower use customers are added to the participant pool. There simply may not be sufficient opportunities for energy savings large enough to offset the associated per customer/per report cost the Company must pay under the current proposed design and vendor contract.

The Division and Office recommend the Commission approve the Company's proposed Pilot Program as filed. The Division also agrees with the Company the Pilot Program's total cost should be capped at \$3.2 million and recovered through the existing tariff rider mechanism.

DISCUSSIONS FINDINGS AND CONCLUSIONS

There are two issues of disagreement among the parties to this Docket which need to be resolved before the Pilot Program can be implemented. The first issue concerns the duration of the Pilot Program; and the second is the composition of the participant pool. Turning to the duration issue first, we note that the Company would not be able to instantaneously evaluate the Pilot Program at the end of the first 18 month measurement period. Indeed, the Company has built 5 months into the end of the Pilot Program to do the final evaluation, hence we are inclined to simply note the Pilot Program should be evaluated on an ongoing basis and reasonable changes or adjustments to the scope or design of the Pilot Program should be submitted to the Commission for consideration as warranted by the program's results. We approve two measurement periods with the potential for adjustments to either the scope or design, and with the ability to replenish the participant pool at the beginning of the second measurement period.

For the second area of disagreement, the composition of the participant pool, we note that purpose is to determine the potential savings available through this type of program. We also note that the program must be capable of passing the cost benefit tests in the long run in order to be approved on a long term basis. The idea of limiting the program to only customers with a high enough potential for energy savings to be able to offset the per-participant/per report cost is reasonable. We therefore approve the Pilot Program to be implemented as proposed. At the mid-point of the Pilot Program, the Company, or other stakeholders, may propose adjustments to the composition of the participant pool to the Commission for approval, based on

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available information. We note that any such adjustments would need to be shown to result in a cost effective program on an expected basis (data and logic based forecast) and be supported by analysis using actual Pilot Program performance data.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Company's proposed Home Energy Reporting Pilot Program is approved as filed.
2. The total Program cost is capped at \$3.2 million.

DATED at Salt Lake City, Utah, this 15th day of May, 2012.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
D#225511

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 15th day of May, 2012, a true and correct copy of the foregoing ORDER, was delivered upon the following as indicated below:

By Electronic Mail:

Data Request Response Center (datarequest@pacificorp.com)
PacifiCorp

Beau Brown (beau.brown@pacificorp.com)
Rocky Mountain Power

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant