

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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Request for a Home Energy Report Pilot Program	<u>DOCKET NO. 12-035-77</u>
	<u>ORDER</u>

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ISSUED: January 19, 2018

**SNYNOPSIS**

We approve PacifiCorp's request to convert the Home Energy Report Pilot Program to a regular demand side management program, subject to continued cost effectiveness and ongoing monitoring.

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**PROCEDURAL HISTORY**

On December 22, 2017, PacifiCorp, doing business as Rocky Mountain Power (PacifiCorp), filed a request with the Public Service Commission of Utah (PSC) to convert the Home Energy Report Pilot Program (HER Program) to a regular demand side management (DSM) program (Application), subject to cost-effectiveness requirements consistent with the treatment of all other DSM programs offered by PacifiCorp.<sup>1</sup> PacifiCorp requests this change take effect January 22, 2018.

In response to the PSC's notice of filing and comment period, the Division of Public Utilities (DPU) filed comments on January 2, 2018, and Utah Clean Energy and the Southwest

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<sup>1</sup> The following is a brief history of the genesis and development of the HER Program in this docket: On May 15, 2012, the PSC approved the HER Program as a pilot program. *See* Order, issued May 15, 2012, available at: <https://pscdocs.utah.gov/electric/12docs/1203577/2255111203577o.pdf>. Then, on September 12, 2014, the PSC approved extending the pilot program through December 31, 2017 and expanding it to include an additional 200,000 households. The PSC also reset the pilot program budget cap to \$6.5 million. *See* Order, issued September 12, 2014, available at: <https://pscdocs.utah.gov/electric/12docs/1203577/2605891203577o.pdf>. Thereafter, on July 28, 2015, the PSC approved PacifiCorp's request to revise the evaluation period for the HER Program. *See* Order, issued July 28, 2015, available at: <https://pscdocs.utah.gov/electric/12docs/1203577/2677391203577o.pdf>. According to the July 28, 2015 order, the next evaluation period is January 1, 2016 through December 31, 2017.

Energy Efficiency Project (UCE/SWEEP) filed joint comments on January 8, 2018. The DPU filed supplemental comments on January 18, 2018.<sup>2</sup>

**PACIFICORP'S PROPOSAL**

PacifiCorp requests approval to convert the HER Program from the initially-approved 41-month pilot to an ongoing program subject to cost effectiveness consistent with other DSM programs. According to PacifiCorp, the pilot has demonstrated that the HER Program delivers cost-effective energy savings and the continuation of the program is in the public interest. PacifiCorp also asserts it is investigating ways to continually improve the HER Program and is evaluating responses to a Request for Proposal (RFP) for continuation of the HER Program beyond 2017.

PacifiCorp maintains the continuation of the HER Program aligns with the 2018 budget forecast of \$2,685,179 and savings forecast of 52,000 Megawatt-hours (MWh) presented in its DSM November 1st Deferred Account and Forecast Report on November 1, 2017, in Docket No. 17-035-41. The cost-effectiveness analysis for the proposed 2018 HER Program is based on a budget of \$1,349,500<sup>3</sup> with associated savings of 47,600 MWh<sup>4</sup> and results in a utility cost test benefit/cost ratio of 1.09.

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<sup>2</sup> The DPU filed its comments in response to the PSC's supplemental action request dated January 16, 2018. The supplemental action request asked the DPU to explain the discrepancy, and potential effect on the HER Program benefit cost analysis, between the cost and savings values presented in Table 1 of the Application and Exhibit B, Tables 2 and 3 of the Application.

<sup>3</sup> See Application, Exhibit B, Table 2 – Program Costs for the HER Program in PY2018.

<sup>4</sup> See Application, Exhibit B, Table 3 – Program Savings for the Utah HER Program in PY2018.

**DPU COMMENTS**

The DPU recommends the PSC approve PacifiCorp's request to convert the HER Program from a pilot to a regular DSM program, subject to cost effectiveness. The DPU also recommends that in order to manage the risk of the program becoming cost ineffective, the contract for administering the HER Program resulting from PacifiCorp's RFP should include "the obligation to maintain a cost effective [kilowatt-hour] base. If the [kilowatt-hour] savings drop to a predetermined level the vendor is obligated to increase the participating customer base. If the program participant base cannot be increased enough to make the HER program cost effective, the program will be evaluated for termination."<sup>5</sup> The DPU expresses concern the cost-effectiveness test results have declined by 66% since 2013 and states the HER Program should be monitored on an ongoing basis.

The DPU further clarifies in its supplemental response the HER Program budget and savings used in the cost-effectiveness analysis are based on the results of PacifiCorp's recently issued RFP for a HER Program administrator, which is different than the budget forecast presented in Docket No. 17-035-41. The DPU also notes the new program administrator contract includes a requirement for the administrator to maintain the HER Program's cost-effective kilowatt-hour base. The DPU will monitor the program and inform the PSC if the HER Program does not perform as expected.

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<sup>5</sup> Comments from the Division of Public Utilities at 2, filed January 2, 2018.

**UCE/SWEEP COMMENTS**

UCE/SWEEP recommend the PSC approve the Application. Despite the HER Program's decrease in cost effectiveness, UCE/SWEEP believe continuing the HER program is in the public interest because it plays an effective role in increasing customer awareness about electrical consumption, promotes more energy efficient behaviors, and educates customers about other opportunities to participate in PacifiCorp's *wattsmart* rebate programs.

UCE/SWEEP maintain the declining benefit-cost ratios are a result of using lower decrement values identified in PacifiCorp's 2017 Integrated Resource Plan. In addition, UCE/SWEEP support the continuation of the HER Program contract performance guarantee as an important feature designed to maintain program cost effectiveness.

**DISCUSSIONS, FINDINGS, AND CONCLUSIONS**

Based on our review of the Application, the comments and recommendations of the DPU and UCE/SWEEP, and having received no opposition, we find the proposed conversion of the HER Pilot Program to a regular DSM program is just, reasonable, and in the public interest, provided the program is cost effective and is operated within the budget amount used in PacifiCorp's cost-effectiveness analysis presented in Exhibit B of the Application.

We appreciate the DPU's commitment to closely monitor the cost effectiveness of the HER Program going forward to ensure it performs as expected.

**ORDER**

The PSC approves PacifiCorp's request to transition the HER Pilot program to a regular DSM program, effective January 22, 2018, subject to the constraints and ongoing monitoring requirements detailed above.

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DATED at Salt Lake City, Utah, January 19, 2018.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#299260

CERTIFICATE OF SERVICE

I CERTIFY that on January 19, 2018, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

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Administrative Assistant