ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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August 20, 2012

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: Gary Widerburg
Commission Secretary

Re: Advice No. 12-13
Proposed Changes to Schedule 111 Home Energy Savings Incentive Program and Cancellation of Schedule 113 Evaporative Cooling and Central Air Conditioning Incentive Program (Cool Cash Incentive Program)

Enclosed for filing are an original and two copies of proposed tariff sheets associated with Tariff P.S.C.U No. 48 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 psc@utah.gov. The Company respectfully requests an effective date of September 30, 2012 for these changes.

First Revision of Sheet No. 111.2	Schedule 111	Home Energy Savings Incentive Program
First Revision of Sheet No. 111.3	Schedule 111	Home Energy Savings Incentive Program
First Revision of Sheet No. 111.4	Schedule 111	Home Energy Savings Incentive Program
First Revision of Sheet No. 111.5	Schedule 111	Home Energy Savings Incentive Program
Cancelling Original Sheet No. 113.1	Schedule 113	Evaporative Cooling and Central Air Conditioning Incentive Program
Cancelling Original Sheet No. 113.2	Schedule 113	Evaporative Cooling and Central Air Conditioning Incentive Program

Cancelling Original Sheet No. 113.3	Schedule 113	Evaporative Cooling and Central Air Conditioning Incentive Program

The purpose of this filing is to propose changes to the Home Energy Savings Incentive Program (Home Energy Savings) administered through Schedule 111. Home Energy Savings reduces residential customer energy usage by offering customer incentives for installing various residential energy efficiency measures. Through this filing, the Company is proposing modifications to Home Energy Savings intended to introduce new energy efficiency opportunities and align program incentives with revised measure costs, savings estimates and standards while maintaining or enhancing program cost-effectiveness. The Company proposes incorporating Schedule 113 (Cool Cash) measures and requirements for central air conditioners and evaporative coolers into this tariff (Schedule 111 - Home Energy Savings), discontinuing incentives for ceiling fans and cancelling Schedule 113. The Company proposes to clarify incentives are available to verified property owners, landlords, property management companies or home owner associations as third party entities responsible for project activity at properties served by the Company.

The Company proposes modifying incentives, equipment qualifications and/or availability for the following Home Energy Savings measures:

- Insulation,
- Windows,
- Lighting,
- Clothes washers,
- Dishwashers,
- Electric water heaters,
- HVAC tune-ups,
- Refrigerators,
- Duct sealing and
- Duct insulation

Further, the Company proposes introducing several new qualifying measures, including:

- Light-emitting diodes (LEDs),
- Electrically commutated motors for 95% efficient natural gas furnaces,
- Freezers,
- Heat pump water heaters and
- A whole house “super bundle” of weatherization, heating and cooling measures

Proposed Program Changes

<u>Schedule 113 - Cool Cash Integration</u>

Schedule 113 was approved in Docket 01-035-01 Advice 03-01 effective March 24, 2003, as a standalone program focusing exclusively on cooling products and installation practices. The program provides incentives for the purchase, best practice installation and proper sizing of high-

efficiency unitary and evaporative cooling equipment. Incentives are provided to both end use customers and installation contractors. The program leverages existing sales channels by promoting incentives through equipment dealers and retailers.

While Schedule 113 currently provides incentives for installing high-efficiency cooling systems, incentives for cooling system tune-ups and duct systems are now incorporated in the proposed changes to Schedule 111. Integration of these measures will ensure the company maintains alignment of incentives and savings estimates.

No changes to existing incentives or qualifications are proposed for the Schedule 113 measures at this time. The measure savings have been updated in the cost effective analysis to reflect the results of the 2009 and 2010 evaluation. Table 1 summarizes the Schedule 113 measures as they would be integrated into Home Energy Savings.

Table 1
Schedule 113 - Cool Cash Measures Integrated Into Home Energy Savings

Qualifying Measure	Customer Incentive	Dealer Incentive
Replacement evaporative	$100	$25
New evaporative	$300	$25
Premium evaporative	$500	$150
Premium whole-house ducted evaporative	$1,000	$300
Properly size central air conditioner + TXV	$50	$25
Properly installed central air conditioner + TXV	$50	$75
15+ SEER/12.5+ EER central air conditioner + TXV	$150	$0

Incentive Payments

Company proposes to modify the language under Provisions of Service for item number 8 on Original Sheet No. 111.2 to allow incentive payments to verified property owners, landlords, property management companies or home owner associations as third party entities responsible for project activity at properties served by the Company. The modification will streamline participation for multifamily projects, where the individuals units are customers of the Company, not the management organization. The language change will allow the Company to work with and pay incentives directly to whoever is managing and spending money on energy efficiency upgrades at residential properties served by the Company on eligible service schedules.

Removal of Water Heat Restriction for Clothes Washers and Dishwashers

In 2010 the Company filed to eliminate incentives for clothes washers and dishwashers using natural gas water heating in order to reflect the decreasing incremental savings and maintain cost-effectiveness. Since that change, equipment specifications have advanced creating cost-effective electric savings for clothes washers and dishwashers using natural gas water heating. With more efficient equipment specifications providing cost-effective electric savings, the Company proposes lifting the restriction on units using natural gas water heating.

Clothes Washers

As of January 1, 2011, ENERGY STAR qualifying clothes washers were required to meet a modified energy factor (MEF) of 2.0 or more, and water factor (WF) of 6.0 or less. On July 15, 2011, federal standards required a MEF of 1.26 or more, and a WF of 9.5 or less. To stay ahead of ENERGY STAR requirements and to continue to encourage the purchase of high-efficiency units the Company proposes increasing clothes washer efficiency specifications to align with the Consortium for Energy Efficiency (CEE). Program tier 1 measures would align with CEE tier 2 and Program tier 2 measures would align with the CEE tier 2 plus 18%. Program tier 2 will align with Questar's current program offering. This approach would allow for program specifications to float as the CEE specification advance. To improve cost-effectiveness the Company proposes lowering the program tier 1 incentive from $50 to $35 and the program tier 2 incentive from $75 to $50. Table 2 summarizes the proposed clothes washer measure incentives and qualifications.

Table 2
Proposed Clothes Washer Measure

	Existing Measure	Proposed Measure
Tier 1	MEF 2.0-2.45 $50 incentive	CEE Tier 2 $35 incentive
Tier 2	MEF 2.46 and above $75 incentive	CEE Tier 2 plus 18% $50 incentive
Eligible water heat	Electric water heat only	No water heat restriction

Dishwashers

Currently a $20 incentive is available for standard and compact size ENERGY STAR model dishwashers with an energy factor (EF) of 0.72 or higher. On January 20, 2012 the ENERGY STAR and CEE specifications increased above the current program requirements. To stay ahead of ENERGY STAR specifications and to continue to encourage the purchase of high-efficiency dishwashers the Company proposes aligning specifications with CEE tier 1, which requires an EF of 0.75 or higher. This proposal would discontinue incentives for compact size dishwashers since compact models do not meet the EF requirement of 0.75 or higher. Program specifications would automatically float as the CEE specification advances. Table 3 summarizes the proposed dishwasher measure qualifications.

Table 3
Proposed Dishwasher Measure

	Existing Measure	Proposed Measure
Specification	$\geq$ 0.72 Energy Factor	CEE Tier 1
Incentive	$20	$20
Eligible water heat	Electric water heat only	No water heat restriction
Eligible sizes	Standard and compact size models eligible	Only standard-size models eligible

Refrigerators

To encourage the purchase of higher efficiency refrigerators the Company proposes increasing equipment specifications by aligning with CEE Tier 3. Currently, CEE Tier 3 is 10% more

efficient than ENERGY STAR and 30% more efficient than the minimum federal standards. The program specification would automatically float as the CEE specification advances. Due to higher incremental cost for the higher efficiency units the Company proposes increasing the incentive from $20 to $40. Table 4 summarizes the proposed refrigerator measure incentives and qualifications.

Table 4
Proposed Refrigerator Measure

	Existing Measure	Proposed Measure
Qualification	ENERGY STAR	CEE Tier 3
Incentive	$20	$40
Eligible sizes	Standard and compact size models	Standard and compact size models

Freezers

In an effort to encourage the purchase of high efficiency freezers the Company proposes offering an incentive of $20 for standard and compact size freezer units that are 20% more efficient than the federal standard. Program specification would automatically float as the federal standard advances. Table 5 summarizes the proposed freezer incentive and qualifications.

Table 5
Proposed Freezer Measure

	Existing Measure	Proposed Measure
Qualification	N/A	20% above federal standard
Incentive	N/A	$20
Eligible sizes	N/A	Standard and compact size models

Portable Evaporative Cooler

To expand the use of evaporative coolers as a more efficient alternative to room air conditioners, the program recommends adding an incentive for portable evaporative coolers at an incentive of $50 for a unit with a minimum size of 2,000 CFM. Table 6 summarizes the proposed portable evaporative cooler incentive and qualifications.

Table 6
Proposed Portable Evaporative Cooler Measure

	Existing Measure	Proposed Measure
Qualification	N/A	Minimum 2,000 CFM
Incentive	N/A	$50

Electric Water Heaters

Federal standards are scheduled to change April 16, 2015, and new standards will require units with a storage capacity of 55 gallons or less to have an EF of 0.96 and units with storage capacity of 55 gallons or more to have an EF of 1.98. To begin building the market for higher efficiency units in advance of the 2015 federal standard change the Company proposes increasing the EF requirements for all tank sizes. Table 7 summarizes the proposed electric water heater measure incentives and qualifications.

Table 7
Proposed Electric Water Heater Measure

	Existing Measure	Proposed Measure
Qualification	40-49 gallon EF ≥ 0.93 50-65 gallon EF ≥ 0.91 ≥ 66 gallon EF ≥ 0.89	40-49 gallon EF ≥ 0.94 50-65 gallon EF ≥ 0.95 ≥ 66 gallon EF ≥ 0.93
Incentive	$50	$50

Heat Pump Water Heaters

To encourage the purchase of high efficiency heat pump water heaters the Company proposes offering an incentive of $300 to customers and $100 to contractors for ENERGY STAR qualifying units. Heat pump water heaters must be installed by a participating or qualified HVAC trade ally. Installations must meet program requirements and will be subject to on-site inspections for quality assurance. The Company will provide contractors training and resources to ensure units are installed correctly. The ENERGY STAR qualified product list will be used for eligible heat pump water heaters and will be made available on the program website. Proposed heat pump water heater incentives and qualifications are summarized in Table 8.

Table 8
Proposed Heat Pump Water Heater Measure

	Existing Measure	Proposed Measure
Qualification	N/A	ENERGY STAR
Incentive	N/A	$300 customer $100 contractor

Utah Qualified Weatherization Trade Ally Network

The Company proposes implementing a qualified contractor network (Utah Qualified Weatherization Trade Ally Network) and installation standards for weatherization projects in response to quality issues and contractor and customer complaints to the Commission. Through 2010 and 2011 a considerable amount of Company time and resources were spent resolving complaints and quality issues on weatherization projects. Without the weatherization network and installations standards the Company risks continued quality issues that affect savings realization, generate contractor and customer complaints to the Commission and require significant staff time and resources to resolve.

The proposed Utah Qualified Weatherization Trade Ally Network is modeled after and aligns with the Questar weatherization network implemented in March 2011. The proposed Utah Qualified Weatherization Trade Ally Network will operate similarly to the existing Utah HVAC

Contractor Network which requires duct sealing and duct insulation to be done by participating HVAC trade ally and requires central air conditioner and heat pump tune-up to be performed by qualified HVAC trade allies to receive incentives. Qualified HVAC trade allies have undergone industry certifications and/or program training to ensure high quality installations.

The objective of the proposed Utah Qualified Weatherization Trade Ally Network and Home Energy Savings Residential Weatherization Specifications (Weatherization Specifications) are to increase the quality of weatherization projects, increase the quality of energy savings, increase the realization rate of savings on each project, increase customer satisfaction, increase the quality of contractors working with the program and align with Questar's qualified network. The structure of the network and installation standards will be provided in the Utah Qualified Weatherization Trade Ally Program Manual (Weatherization Program Manual).

Only insulation projects completed by contractors in the Utah Qualified Weatherization Trade Ally Network will qualify for insulation incentives and qualifying projects must meet the installation standards of the Weatherization Specifications. Historically there have been minimal issues with window contractors and projects so the Company intends to offer two paths for window contractors to participate in the program. Window projects must be completed per the installation standards in the Weatherization Specifications but window contractors can either be a participating or qualified window trade ally. Requirements for participating window trade allies will be provided in the Utah Participating Windows Trade Ally Program Manual (Windows Program Manual). Requirements for qualified window trade allies will be provided in the Weatherization Program Manual. The Weatherization Program Manual and Windows Program Manual will be available on the program website and provided to trade allies as part of the enrollment process.

The Weatherization Specifications are "best-in-class" from the Northwest Power and Conservation Council's Regional Technical Forum (RTF). Proposed standards will align with the installation requirements of Utah Home Performance with ENERGY STAR, as well as the US Department of Energy's Guidelines for Home Energy Professionals. Proposed installation standards in the Weatherization Program Manual have been reviewed by and have the support of the Weatherization Assistance Program, Utah Division of Housing & Community Development.

To join the Utah Qualified Weatherization Trade Ally Network contractors will be required to provide and maintain a valid contractor license, general liability insurance, automobile liability insurance, state required workers compensation and employer liability insurance and business and customer references with no unresolved complaints or citations for the previous 12-months with the Better Business Bureau or the Utah Division of Occupational and Professional Licensing. Additionally, contractors will go through a requisite program orientation and submit an initial project for inspection so program staff can verify the contractor's work meets the installation standards of the Weatherization Program Manual. Contractors who repeatedly fail to the meet the installation standards in the Weatherization Program Manual will be removed from the network.

The Company proposes to incorporate the Utah Qualified Weatherization Trade Ally Network, Weatherization Program Manual and Windows Program Manual by reference into the Home Energy Savings tariff sheets and manage the documents and network requirements outside the tariff. The Company needs the flexibility to modify network requirements and installation

standards to ensure high quality work by quickly responding to technical installation issues or adjusting network requirements to address poor performance of contractors.

Insulation – Attic

The Company recommends discontinuing the tiered incentive structure, instead only offering incentives for the existing higher tier insulation, with a final insulation level of R-38 or greater and continuing to offer incentives based on heating fuel. The Company proposes not changing the incentive for attic insulation in gas heated homes with central air conditioning and proposes to increase the incentive for attic insulation in electrically heated homes with or without central air conditioning from $0.40 per square to $0.65 per square foot. The increased incentive reflects current market incremental costs of $0.84 per square foot for installing R-30 attic insulation. The costs reflect actual customer costs for work completed within the Utah Home Performance with ENERGY STAR program, as well as data from the RTF. Available incentives from Questar Gas Company and the reduced federal tax credit for energy efficient home improvements were also considered when designing the revised incentive levels.

The Company proposes discontinuing the lower tier incentive for self-installed projects and remaining aligned with the current incentive for gas heated homes. The Company proposes increasing the incentive for self-installed attic insulation in electrically heated homes, with or without central air conditioning, from $0.30 per square foot to $0.40 per square foot. Incentives are paid on materials only, and will not exceed the price paid or cost of the project. Proposed attic insulation measure changes are summarized in Table 9.

Table 9
Proposed Attic Insulation Measure

Attic Insulation	Current (per sq. ft.)	Proposed (per sq. ft.)
Incentive/unit R-19 gas/cac	$0.08	Remove
Incentive/unit R-30 gas/cac	$0.15	$0.15
Incentive/unit R-19 electric	$0.30	Remove
Incentive/unit R-30 electric	$0.40	$0.65
Incentive/unit R-19 gas/cac self	$0.08	Remove
Incentive/unit R-30 gas/cac self	$0.15	$0.15
Incentive/unit R-19 electric self	$0.30	Remove
Incentive/unit R-30 electric self	$0.40	$0.40
Qualification	Pre-existing R-20 or less; minimum installation of R-19 or R-30 with final insulation level of R-38 or greater	Pre-existing R-20 or less; final insulation level of R38 or greater. Work must be performed by a Qualified Weatherization Trade Ally per the Weatherization Program Manual. Self-installed work must meet program requirements as outlined on incentive applications and on the program website. Incentive amount cannot exceed cost of project.

Insulation – Floor

In an effort to encourage more participation the Company proposes increasing the incentive from $0.25 to $0.65 per square foot for contractor installed insulation but maintaining the incentive for self-installed floor insulation at $0.25 per square foot with incentive amounts not exceeding the total cost of the project. Both incentives will be limited to electrically heated homes such as forced air furnaces, heat pumps or zonal heating systems serving at least 80% of the home's conditioned floor area. Proposed floor insulation measure changes are summarized in Table 10.

Table 10
Proposed Floor Insulation Measure

Floor Insulation	Current (per sq. ft.)	Proposed (per sq. ft.)
Incentive Incentive Self Install	$0.25 $0.25	$0.65 $0.25
Qualification	Pre-existing R-18 or less; minimum installation of R-19 or greater	Pre-existing R-18 or less; final insulation must be R-30 or greater; electrically heated homes only. Work must be performed by a Qualified Weatherization Trade Ally per the Weatherization Program Manual. Self-installed work must meet program requirements as outlined on incentive applications and on the program website. Incentive amount cannot exceed cost of project.

Insulation – Wall

In an effort to encourage higher participation the Company proposes increasing the incentive for wall insulation to $0.65 per square foot for electrically heated homes such as forced air furnaces, heat pumps or zonal heating systems serving at least 80% of the home's conditioned floor area while the incentive for gas heated homes will remain the same at $0.30 per square foot with incentive amounts not exceeding total project costs. Eligible pre-existing wall insulation must be less than R-10 and the final insulation level must be R-13 or fully fill the cavity.

The program proposes offering an incentive for self-installed work of $0.20 per square foot for electrically cooled homes and $0.45 per square foot for electrically heated homes. Incentives for self-installed projects are paid on materials only, and will not exceed the purchase price. Self-installed work must meet program requirements as outlined on incentive applications and on the program website.

Proposed wall insulation measure changes are summarized in Table 11.

Table 11
Proposed Wall Insulation Measure

Wall Insulation	Current (per sq. ft.)	Proposed (per sq. ft.)
Incentive electrically cooled	$0.30	$0.30
Incentive electrically heated	$0.45	$0.65
Incentive electrically cooled self-install	n/a	$0.20

Table 11
Proposed Wall Insulation Measure

Wall Insulation	Current (per sq. ft.)	Proposed (per sq. ft.)
Incentive electrically heated self-install	n/a	$0.45
Qualification	Pre-existing R-10 or less; min. installation of R-11 or fill cavity	Pre-existing R-10 or less; min. installation of R-13 or fill the cavity. Work must be performed by a Qualified Weatherization Trade Ally per the Weatherization Program Manual.

Insulation Spiff

An insulation incentive spiff is offered for insulating two areas in the home by the same contractor at the same time. No savings are claimed for this incentive as it is solely designed to encourage customers to insulate more areas of a home at the same time. To encourage more customers to insulate more than one area of a home at the same time the Company proposes to increase the incentive from $200 to $300. The Company proposes only making the insulation spiff available to electrically heated homes. Two qualifying areas in the same home must be insulated at the same time and must be submitted on the same incentive application. Any combination of insulation, attic and wall, attic and floor or wall and floor, will be eligible for the insulation spiff. Both areas insulated must independently qualify for the standard program incentive and the total combined incentives for the entire insulation project cannot exceed the total project cost. Insulation spiff is only available to customers using a qualified weatherization trade ally; self-installed projects are not eligible for the insulation spiff. The insulation spiff only applies to single-family homes and incentive amounts cannot exceed cost of project.

Windows Tier 1

The Company offers an incentive of $0.50 per square foot, not to exceed the total cost of the project, for windows with a U-factor of 0.30 or lower and with a solar heat gain coefficient (SHGC) requirement of 0.30 or lower to customers with electric cooling only. The baseline for savings is an ENERGY STAR window with a U-factor of 0.32. Based on program participation the savings baseline should be a window with a U-factor of 0.35, which aligns with the current state residential building code. The Company proposes changing the savings baseline to a window with a U-factor of 0.35. Since nearly all windows with a U-factor of 0.30 or lower have a SHGC of 0.30 or lower the Company proposes to eliminate the SHGC requirement to make it easier for customers and contractors to participate in the program. To clarify eligibility requirements the Company will make the measure available only to natural gas heated homes with a central air conditioner serving 80% of the conditioned floor space. Table 12 provides details on the tier 1 window incentives and qualifications.

Table 12
Proposed Window Tier 1 Measure

	Existing Measure	Proposed Measure
Qualification	U-factor 0.30 or lower, SHGC 0.30 or lower	U-factor 0.30 or lower
Incentive	$0.50/sq. ft.	$0.50/sq. ft.
Eligibility	Electrically cooled homes (electric heat w/ CAC) Electrically cooled homes (non-electric heat w/ CAC)	Remove Gas heated homes with central air conditioner serving 80% of the conditioned floor space

Windows Tier 2

To build the market for higher efficiency windows the Company proposes a second tier of window incentives for R-5 windows. Common ENERGY STAR windows only have an R-value of 3. Increasing the R-value from 3 to 5 reduces average heat loss through the windows by 40%. R-5 windows are triple pane with either high or low solar gain Low-E glass filled with argon and/or krypton gas. The Company proposes offering an incentive on R-5 windows with a U-factor of 0.22 or lower of $1.00 per square foot for electrically cooled homes and $2.00 per square foot for electrically heated and cooled homes, not to exceed the total cost of the project. This proposal aligns with the US Department of Energy's High Performance Windows Volume Purchase program which is organizing bulk purchases to encourage manufacturers to produce affordable high efficiency R-5 windows. Proposed tier 2 window incentives and qualifications are summarized in Table 13.

Table 13
Proposed Window Tier 2 Measure

	Existing Measure	Proposed Measure
Qualification	N/A	U-factor 0.22 or lower
Incentive	N/A	$1.00/sq. ft. – electrically cooled homes $2.00/sq. ft. – electrically heated and cooled homes
Eligibility	N/A	All homes must have central air conditioning serving 80% of the conditioned floor area

Heat Pump Tune-ups

The Company proposes increasing the incentive to $100 for heat pump tune-ups to encourage greater participation. Work must be completed by a qualified HVAC trade ally to ensure air flow test and performance check are done correctly and meet program requirements. Incentive is only available for existing heat pumps.

HVAC/Weatherization Super Bundle

The Company proposes a bonus incentive when customers install a "super bundle" of weatherization and HVAC improvements at the same time. The Company proposes offering a $200 bonus on top of the individual measure incentives when a customer installs attic insulation, seals and insulates ductwork, installs a properly sized and installed 15 SEER and 12.5 EER central air conditioner and a 95% annual fuel utilization efficiency (AFUE) gas furnace with an installed electrically commutated motor (ECM) blower all at the same. All requirements for individual incentives must be met and standard incentives will be paid on approved individual measures. The aim of the super bundle incentive is to encourage customers to do comprehensive retrofits all at once. The bonus customer incentive is $200, with a not-to-exceed cap on total customer incentives per job set at $1,200.

Duct Sealing and Duct Insulation

The Company proposes removing the duct testing requirement and make duct sealing and duct insulation a prescriptive measure. To capture more energy savings the Company proposes increasing the final R-value from R-6 to R-8 for duct insulation. The current measure does not specify what portion of the ducts must be sealed and insulated. To provide better clarity and to ensure the whole duct system is treated the Company proposes requiring 100% of the duct work in unconditioned space be sealed and insulated. Installation requirements will be available on the program website with specifications modified outside the confines of the tariff to address quality issues as needed. Table 14 provides details on the duct sealing and insulation measure.

Table 14
Proposed Duct Sealing and Insulation Measure

	Existing Measure	Proposed Measure
Qualification	Work must be completed by a program qualified contractor Duct sealing and insulation must be performed at the same time CAZ testing is required Ductwork must be insulated to a minimum of R-6 Duct sealing must reduce duct leakage to outside by 50% with a 100 CFM minimum reduction	Work must be completed by a program qualified contractor Duct sealing and insulation must be performed at the same time CAZ testing is required Ductwork must be insulated to a minimum of R-8 100% of ductwork in unconditioned space must be sealing and insulated
Incentive	$150 customer/$50 contractor – electrically cooled homes $300 customer/$50 contractor – electrically heated homes	$150 customer/$50 contractor – electrically cooled homes $300 customer/$50 contractor – electrically heated homes

Eligibility	All homes must have central air conditioning serving 80% of the conditioned floor area Ducts must be located in unconditioned space Pre-existing insulation must be non-existent or less than R-2 Minimum of 10 linear feet of exposed ductwork in unconditioned space	All homes must have central air conditioning serving 80% of the conditioned floor area Ducts must be located in unconditioned space Pre-existing insulation must be non-existent or less than R-2 Minimum of 10 linear feet of exposed ductwork in unconditioned space

Duct Sealing

The Company proposes a prescriptive stand-alone duct sealing incentive only for electrically heated homes. This measure will be applicable only to duct systems with previously installed insulation greater than R-2 such as pre-insulated ductwork. The duct sealing measure will require CAZ testing, a minimum of 10 feet of ducts in unconditioned space, and all physically accessible ducts located outside conditioned space must be sealed. To qualify for the incentive work must be performed by a qualified HVAC trade ally. The Company proposes to offer $200 to the customer and $50 to the contractor.

95% Gas Furnace with ECM Blower

The Company proposes an incentive for the installation of a 95% AFUE gas furnace equipped with an ECM blower in houses with central air conditioning, with a customer incentive of $200 and a trade ally incentive of $50. The electric blower motor will provide savings in both heating and cooling seasons. Combined supply and return static pressure needs to be between 0.35-0.65 water column inches (87-162 Pascal) on the highest heating or cooling fan speed setting upon installation. Qualifying homes must be electrically cooled with a central air conditioner serving at least 80% of the home's conditioned floor area. Work must be performed by a participating or qualified HVAC trade ally to program requirements as outlined in the Utah HVAC Trade Ally Program Manual (HVAC Manual).

Ceiling Fans

The Energy Policy Act of 2005 required the US Department of Energy to establish test procedures and energy conservation standards for ceiling fans and ceiling fan light kits. By January 1, 2009 the standards applied to all imported and manufactured ceiling fans and ceiling fan light kits. The Company proposes discontinuing incentives for ceiling fans due to the federal standards.

Light Fixtures

The Company proposes adding language stating torchiere or portable ENERGY STAR fixtures do not qualify for incentives to further clarify plug in lamps are not eligible. The Company also

proposes continued use of the list of ENERGY STAR fixtures for eligible products. The Company proposes claiming fixture specific savings for CFL and LED based fixtures noting the ENERGY STAR fixture list includes LED fixtures.

Compact Fluorescent Lighting

The Company proposes adjusting the CFL savings for general purpose and specialty bulbs by incorporating storage rates from the 2009 and 2010 program evaluation[1], heat interaction factor and revised hours of use per day. General purpose CFLs will use a storage rate of 31% to discount the savings for bulbs put in storage or discarded. Specialty CFLs will use a storage factor of 20%. For both types of CFLs a heat interaction factor of -0.7% will be applied to savings to account for minimal heat generation of CFLs and the benefit it has on cooling loads. Pacific Gas & Electric, Southern California Editions and San Diego Gas & Electric conducted the largest and most comprehensive evaluation of upstream CFLs programs for the time period of January 2006 through December 2008[2]. While the California study doesn't address the Company's service territory in Utah the Company feels the study's results are applicable to Utah due to the sheer size and comprehensive scope of the study. The Company proposes assuming 1.9 hours use per day, down from 2.3 hours, for savings based on results from the California evaluation.

The Company proposes automatically adjusting the baseline for calculating CFL savings for lighting affected by new standards in the Energy Independence & Security Act of 2007 (EISA). The initial EISA standards go into effect in 2012 and affect 100-watt incandescent bulbs. The baseline for 100-watt incandescent bulbs will adjust to a 72-watt halogen bulb. In 2013 EISA requires bulbs with a minimum output of 1,100 lumens not to exceed 53–watts, which affects 75-watt incandescent bulbs. In 2014 the standard requires bulbs with minimum output of 800 lumens and 450 lumens not to exceed 43-watts and 29-watts, respectively. The Company proposes automatically adjusting reported CLF savings as the EISA standards become effective.

To compensate for the increasing pricing of CFLs due to the rising costs of phosphors, the Company recommends increasing the incentive amount for both specialty and general purpose spiral CFL bulbs. The proposed upstream incentives, not-to-exceed retail prices, are in Table 15.

Table 15
CFL Incentive Amounts and Not-To-Exceed Prices

Description	Maximum Incentive	Not-to-exceed price
Bare Spiral	$2.00	$2.50
Globe	$2.25	$8.00
Reflector	$2.75	$8.00

[1]Formal third party process and impact evaluations on Home Energy Savings and Cool Cash for program years 2009 and 2010 were completed in February 2012. The results from both evaluations were used to inform the unit energy savings for several measures and were incorporated into the cost-effectiveness screening of the measures as proposed. Both evaluations can be found at: http://www.pacificorp.com/es/dsm/utah.html

[2] *Final Evaluation Report: Upstream Lighting Program*, (2010) Kema, Inc., The Cadmus Group, Inc., PA Consulting Group, Jai J. Mitchell Analytics.
http://www.energydataweb.com/cpucFiles/18/FinalUpstreamLightingEvaluationReport_2.pdf

Table 15
CFL Incentive Amounts and Not-To-Exceed Prices

Description	Maximum Incentive	Not-to-exceed price
3-Way	$2.75	$8.00
A-Lamp	$2.25	$8.00
CFL Candelabra	$2.25	$6.00
Cold Cathode	$2.75	$6.00
Daylight (4500+ Kelvin)	$2.25	$4.00
Dimmable	$4.00	$14.00
Outdoor Lamp	$2.75	$8.00

LED Lighting

LEDs use a semi-conductor to illuminate electrons in a specific direction, using light and energy more efficiently. LED lighting products are rapidly proliferating in the market place as manufacturers and retailers prepare for EISA standard changes in 2012, 2013 and 2014. Several Home Depot stores in the Salt Lake area have reconfigured their lighting aisles so LEDs are now the featured and dominant lighting product.

The Company proposes upstream incentives for LEDs to manufacturers and/or retailers to shape stocking practices. Providing markdown incentives for LEDs will allow the Company to improve the market for LEDs by providing retail sales staff training, point of purchase marketing and incentives for best in class LED products.

The Company proposes a year-round maximum incentive of $14.00 for LED categories covering general purpose, specialty and downlights. Due to the dynamic nature of LEDs the program recommends not establishing a not-to-exceed retail price. The proposed incentives are summarized in Table 16.

Table 16
LED Incentive Amounts and Not-To-Exceed Prices

Description	Maximum Incentive	Not-to-exceed price
General	$14.00	NA
Specialty	$14.00	NA
Downlight (Specialty)	$14.00	NA

The Company proposes managing LED upstream incentives the same way CFL upstream incentives are managed. The program administrator will use agreements with manufacturers and retailers to establish the maximum number of LED bulbs eligible for incentives, time periods in which incentives are paid, invoicing and other requirements. The agreements will be revised, modified or amended as required. Like with CFLs, the Company proposes managing the upstream incentive paid to retailers or manufacturers within the maximum incentive defined in

the tariff. Specific LED incentives paid to retailers or manufacturers will be adjusted as needed to move the market and accommodate rapidly changing LED prices.

To qualify for an upstream incentive LEDs must be ENERGY STAR qualified. ENERGY STAR LED requirements include color temperature, luminaries' efficacy (light output / input power), zonal lumen density and minimal light output.

For general LEDs the Company proposes using a 20% storage rate, -0.7% heat interaction and 1.9 hours of use per day for determining energy savings. For specialty and downlight LEDs the Company proposes to use a 1% storage rate, -0.7% heat interaction and 1.9 hours of use per day. The proposed baseline for LED savings is a weighted average of incandescent, CFL and halogen bulbs.

Program Cost Effectiveness

The decrement values generated by the 2011 integrated resource plan (IRP) were used as the avoided costs and can be found in the IRP Addendum issued on June 27, 2011 on pages 17 and 20. Two sets of decrement values, each tracking different carbon assumptions were generated through the modeling[3]. The first value used the medium stream of values for this analysis, starting at $19/ton, from the 2011 IRP. The second value used the no carbon tax scenario from the 2011 IRP since energy efficiency is a zero carbon resource.

To account for fluctuations in expected participation scenarios were run with participation varying at +/- 10%. Net-to-gross factors from the 2009 and 2010 Home Energy Savings and Cool Cash evaluations were used and applied to the unit energy savings in all scenarios.

Four different cost-effectiveness scenarios were run on the proposed changes as follows:

- "Medium" carbon with expected participation
- "Medium" carbon with 10% higher than expected participation
- "Medium" carbon with 10% lower than expected participation
- "None" carbon with expected participation

The Home Energy Savings program remains cost-effective with the proposed changes herein under all four sensitivity scenarios. Detailed cost-effectiveness results are provided in Attachment A.

Conclusion

The changes proposed in this filing were discussed with the DSM Advisory Group on December 7, 2011 and January 24, 2012. A copy of the draft filing was provided to the DSM Advisory Group on July 23, 2012. Comments and advice received from parties have been incorporated into this filing as appropriate.

[3] PacifiCorp IRP details are available here, http://www.pacificorp.com/es/irp.html.

Further communications about these changes and the proposed effective date will be provided to trade allies and retailers via 45-day public notice on the Company's website, and through direct outreach to key program partners via the program administrator's outreach staff.

Home Energy Savings is funded through the Schedule 193 Demand Side Management Rate Adjustment. The Company is not recommending an adjustment to the Demand Side Management Rate Adjustment in this proposal.

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

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Informal inquiries may be directed to Beau Brown, DSM Regulatory Manager, at (503) 813-6489.

Sincerely,

Carol Hunter
Vice President, Services

Enclosures