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DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Gavin Mangelson, Utility Analyst

Date: April 14, 2015

Subject: Docket 15-035-T04

In the Matter of: Rocky Mountain Power's Proposed Revisions to Electric Service Schedule 140, Non Residential Energy Efficiency

Background

On March 30, 2014 Rocky Mountain Power Company (Company) filed with the Public Service Commission (Commission) a proposal to make revisions to Schedule 140 Non Residential Energy Efficiency; the Company filed this request with supporting exhibits and proposed tariff sheets. The Commission posted a Notice of Filing and Comment Period on March 31, 2015.

Preliminary drafts of the filing were circulated to the DSM Steering Committee and the Company responded to initial questions posed by some of the Steering Committee.

Discussion

The Office of Consumer Services (Office) has analyzed the materials filed with the Commission, and has reviewed the Company's responses to inquiries from members of the Steering Committee.

The proposed revisions to Schedule 140 include lighting incentives that the Company maintains are targeted at customers who have potential energy savings that have not been realized through existing incentives. The tariff cover letter states that the Company utilized a 2014 market survey of distributors in order to gather pricing information and establish appropriate incentive levels. Inquiry responses provided to

the Steering Committee also indicate that purchasing habits of potential participants of the mid-market incentive were collected from these distributors.

The tariff cover letter also indicates that incentives for the proposed mid-market lighting measure will be established by administrators to cover 30-40% of the incremental cost of an efficient lamp. However, proposed tariff language only includes a 70% cap on total lamp cost. Because 70% of total cost is significantly higher than 40% of incremental cost, the incentive cap does not serve as a mechanism to ensure that incentives are in line with stated goals; rather the cap merely ensures that customers do not receive qualifying equipment without paying for a portion of the cost. Without a tariff cost cap more relative to the intended incentive levels, program administrators will need to diligently monitor changes in market prices and adjust incentives accordingly.

Regarding the location of the cost cap in the proposed tariff: the Office notes that on tariff sheet 140.2, the third column "Percent Project Cost Cap" space contains the word "No" for Mid-market Incentives. If the word "No" was chosen because the incentives are not projects, then "N/A" needs to be used as it appears for the Energy Management line on the same page. Otherwise, this space needs to contain the 70% cap similar to how it appears on the Enhanced Incentives for Small Business line. Although information about the cap is available in the notes for table 13 on page 140.27, the information on the proposed page 140.2 does not adequately communicate the cost cap for this measure.

Proposed revisions also include some updates to air conditioners and heat pumps, these changes are designed to align associated measures with new federal standards. In order to avoid the use of DSM surcharges to facilitate fuel switching, the Office closely scrutinizes the intent of changes to measures regarding heat pumps. In this instance the Office agrees that the revisions are limited to bringing the incentives in line with the new standards and supports the proposed changes.

Recommendation

The Office recommends that the Commission take the following action:

- Require the aforementioned adjustments to proposed tariff sheet 140.2
- Approve the remaining revisions to Schedule 140.

Copies To: Rocky Mountain Power
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