

February 27, 2017

***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

Attn: Gary Widerburg
Commission Secretary

RE: Advice No. 17-04
Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program
Docket No. 17-035-__

Enclosed for filing are an original and five (5) copies of proposed tariff sheets associated with Tariff P.S.C.U No. 50 of PacifiCorp, d.b.a. Rocky Mountain Power (the “Company”), applicable to electric service in the State of Utah. Pursuant to the requirement of Rule R746-405-2(D), the Company states that the proposed tariff sheets do not constitute a violation of state law or Commission rule. Electronic versions of this filing will also be provided to psc@utah.gov. The Company respectfully requests an effective date of April 1, 2017, for these changes.

		Tariff Index
Seventh Revision of Sheet No. B.1		
Fourth Revision of Sheet No. 140.2	Schedule 140	Non-Residential Energy Efficiency
Third Revision of Sheet No. 140.9	Schedule 140	Non-Residential Energy Efficiency
Second Revision of Sheet No. 140.10	Schedule 140	Non-Residential Energy Efficiency
Second Revision of Sheet No. 140.11	Schedule 140	Non-Residential Energy Efficiency
Second Revision of Sheet No. 140.15	Schedule 140	Non-Residential Energy Efficiency
Fourth Revision of Sheet No. 140.25	Schedule 140	Non-Residential Energy Efficiency
Original Sheet No. 140.26	Schedule 140	Non-Residential Energy Efficiency

The purpose of this filing is to propose changes to the Non-Residential Energy Efficiency Program (“Program”) administered through Electric Service Schedule No. 140, specifically to add Heating, Venting, and Air Conditioning (“HVAC”) Check-up incentives for existing rooftop units, expand mid-market lighting incentive offerings, change prescriptive HVAC measures, and change prescriptive food service measures. These tariff changes align with targets illustrated in Figure 1 below, and filed in the Demand Side Management November 1st Deferred Account and Forecast Report on November 1, 2016, in Docket No. 16-035-30. Proposed changes to the Schedule 140 tariff sheets are included as Exhibit A.

Figure 1 – 2017 Budget and Savings Forecast from Nov 1st Report

***	2017 MWH Savings Forecast	2017 Budget Forecast
wattsmart Business	251,954	\$ 44,862,171

DESCRIPTION OF CHANGES

Proposed adjustments are listed below, with further explanation provided in subsequent sections.

1. Add HVAC Check-up incentives for existing rooftop units to Schedule 140;
2. Expand mid-market lighting incentive offerings and add single package unitary commercial air conditioners to the mid-market offerings;
3. Changes to prescriptive HVAC measures:
 - a. Simplify the HVAC incentives table to allow better flexibility in responding to changes in codes and standards.
 - b. Remove single package unitary commercial air conditioners from the prescriptive HVAC incentives offerings.
 - c. Add an advanced rooftop unit control measure; and
4. Changes to prescriptive Food Service measures:
 - a. Remove sunset date on commercial transparent door refrigerators and freezers.

HVAC CHECK-UP OFFERING

Program Overview

The intent of the HVAC Check-up incentives are to encourage customers to maintain existing rooftop units to optimize equipment efficiency and install energy savings measures on existing HVAC equipment. The HVAC Check-up offering will target small to medium commercial customers with rooftop units ranging in size from 7.5 to 15 tons. The installed HVAC capacity in this segment is very large; HVAC costs make up a significant portion of total energy costs and this segment is underserved by traditional recommissioning or prescriptive HVAC replacement options. Customers participating in the HVAC Check-up program may benefit from increased equipment efficiencies, energy savings, prolonged equipment life, reduced equipment repair costs, and improved comfort.

The HVAC Check-up incentive offer is proposed as a complementary component of the existing *wattsmart* Business program to deliver new savings from the HVAC maintenance market and accelerate high efficiency HVAC technologies. The existing *wattsmart* Business program design/infrastructure, and distributor/contractor administration team will be utilized, linking customers with the program options and contractor resources that most appropriately address their needs.

The Company-hired administrator may qualify and approve HVAC maintenance contractors to participate in the HVAC Check-up incentive offer. Contractors may be required to meet minimum qualifications at the time of application as listed below to participate:

- Be an existing participant in the *wattsmart* Business Vendor Network in good standing for over one year;

- Maintain one or more physical retail locations in the Company's Utah service territory currently serving Company business customers;
- Complete a mandatory orientation class (program training) and participate in training when it is offered;
- Provide data and necessary support for quality assurance and verification activities; and
- Sign a participation agreement with the Company that includes participation terms and conditions, which shall include, but is not limited to, the following:
 - Provide a single point of contact to resolve issues, communicate changes to sales staff, ensure data accuracy, and respond to inquiries;
 - Capture required customer/site/product data and submit reports and associated documentation (i.e. customer assignment forms);
 - Clearly mark invoices with language showing qualifying product, quantity sold, incentive amount, and customer payment;
 - Cooperate with utility on verification/quality assurance activities; and
 - Maintain customer service expectations.

Customer Participation Process

HVAC Check-up incentives will be available to customers using participating contractors. Customer outreach will mainly consist of telephone and direct mail. Customer engagement will be supplemented by outreach and sales efforts of the approved contractors. Interested customers may be screened to maximize the potential for implementation of maintenance measures. Customers will then sign up for a Check-up and the program will connect them with an approved HVAC vendor from the list of qualified vendors in the network.

HVAC contractors will visit customers to assess their HVAC equipment and will create reports for each customer. The report will list all of the HVAC measures that customers qualify for, along with estimated electric energy savings and program incentives. The HVAC contractors will encourage customers to sign up for a maintenance program and implement HVAC system retrofits to increase system efficiency. Customers will be able to select any measures to install that they qualify for.

HVAC contractors will return to install customers' selected energy efficiency measures. When the installations are completed, trade allies will inform the program of installations and provide necessary documentation for incentive payment.

Customer Eligibility

Customers eligible to participate in this offer are those currently defined as eligible customers in Schedule 140. Only eligible customers will be targeted for participation in the program. Eligible customers who have not been contacted by the Company will still be allowed to participate in the program. These customers will be required to provide their business name, install address and contact information to assist with eligibility/installation verification activities. All program materials, retail signage, forms, and applications shall indicate the offer is available only to qualifying non-residential Utah customers.

Incentives

HVAC Check-up incentives will be available to customers implementing qualifying measures through approved HVAC contractors. Incentives will be paid based on the implementation of qualified measures. Incentive amounts are set to cover between 20 to 50 percent of incremental costs.

Table 14 – HVAC Check-up Incentives

Measure	Category	Eligibility Requirements	Maximum Incentive “up to”	Offered Incentive
Maintenance Agreement	3-year maintenance agreement	Maintenance agreements must include a minimum of two system checks per year (heating and cooling seasons), one condenser coil cleaning per year, and a thermostat reprogramming and calibration.	\$75/ RTU	\$75/RTU
Thermostats	Programmable Thermostat	Replace existing non-programmable thermostat with programmable thermostat with a minimum of 7-day occupied/unoccupied settings.	\$50/Thermostat	\$50/Thermostat
	Smart Thermostat	Replace non-programmable thermostat with programmable smart thermostat with a minimum of 7-day occupied/unoccupied settings. Smart thermostats must be Wi-Fi enabled, online dashboard and/or mobile device app, with occupancy sensor enabled.		
Economizer	Economizer Repair	--	\$150/RTU	\$150/RTU
Refrigerant	Proper Refrigerant Charge	--	\$35/Ton RTU Capacity	\$35/Ton RTU Capacity

The incentives listed in Table 14 above include the maximum amounts to be approved in the tariff for HVAC Check-up incentives, as well as the actually incentive amounts to be initially offered to customers. The actual incentive amounts offered to customers will be initially set equal to the maximum “up to” amounts. Actual offered incentives will be posted and maintained on the Company website, consistent with other program offerings with “up to” incentive amounts.

It is the Company’s intent to 1) make adjustments to the offered incentives periodically to address market conditions for existing HVAC systems maintenance (changes in material costs, product availability, and price competition), 2) maintain a minimum of 30 percent of customer out-of-pocket expenses of overall project costs where possible, and 3) align with savings targets, incentive budget, and cost-effectiveness requirements. Consistent with other “up to” incentive amounts in

Schedule 140, when the Company needs to change the offered HVAC Check-up incentives, a 45-day notice will be posted on the Company's website announcing the coming changes.

Quality Assurance and Controls

A robust quality assurance regime is planned for the HVAC Check-up incentive offer, focused on the following:

HVAC Contractors – Each participating distributor will be required to sign an agreement with the Company outlining participation terms and conditions. Contractor performance will be regularly monitored by the Company-hired administrator through incentive request review, customer satisfaction surveys, on-site inspections, office visits and ongoing communications. Contractors not meeting or exceeding quality, customer service, project, invoicing and other requirements will be subject to removal from participation in the HVAC Check-up incentive offer.

Purchase and Installation Verification - A randomized sample of customers will be called to confirm purchase information (equipment type, quantity, amount paid), installation status (fully installed, partially installed, placed in inventory for future installation, etc.), installation location(s), and customer satisfaction. Site inspections may be conducted on a random basis and for incentive amounts that exceed specific thresholds.

Program Website

Webpage content anticipated to be posted to the HVAC Check-up Program website in various formats is attached hereto as Exhibit B. Webpage content is intended to capture all relevant information and requirements associated with the HVAC Check-up Program. The HVAC Check-up Program website will also include additional information and links that may be relevant. Information contained on the website will be updated concurrently with any program changes and whenever else may be appropriate. Information to be provided on the website may include, but not be limited to, the following:

- HVAC Check-up Program overview;
- Benefits of participation;
- Eligibility requirements;
- How to participate in the HVAC Check-up Program;
- How to go about getting an incentive;
- How much customer incentives will be;
- Whether incentives can fluctuate if a customer delays participation;
- How/when to apply for participation;
- When incentives will be received;
- Qualifying equipment;
- Who controls the outcome of customer projects;
- Who the HVAC Check-up Program administrator is;
- What to do if customers encounter a problem or have questions;
- What commitments are required to participate;
- What happens if required commitments are not met;
- What documentation is required to participate; and

- Other requirements for participation.

Upon approval of the HVAC Check-up Program, the information contained in Exhibit B will be posted to a webpage dedicated to the HVAC Check-up Program. The HVAC Check-up Program webpage will be similar to, and provide similar types of information contained on the Company's other program websites.¹

Projected Costs and Energy Savings

The Company has set a 2017 gross savings target of 2.4m kWh for the HVAC Check-up Program. Projected first year costs and savings are summarized in Figure 2 below. These projections were used in the initial program cost effectiveness analysis. Annual kWh savings in Figure 2 are at the customer meter and do not include a net-to-gross adjustment.

Figure 2 – HVAC Check-up Program Projected 1st Year Costs, Incentives, & Savings

***	Delivery Cost	Incentives	Annual kWh Savings
2017	\$221,100	\$169,660	2,406,234

MID-MARKET INCENTIVES

Customer Participation Process

The point-of-purchase instant incentive will continue to be available to customers through participating distributors, according to the process outlined in the original program filing. Contractors are not eligible to receive the incentive at the point of purchase, but can offer *wattsmart* Business incentives when qualifying equipment are resold to qualifying business customers.

Outreach and sales efforts of approved distributors will be the primary means by which customers will learn about the offer, but will be supplemented by Company-led marketing efforts. A customer may work with any participating distributor listed on the Company website. Once engaged, approved distributors will gather customer information, educate customers about equipment options, and estimate the cost before and after incentive.

At the point-of-purchase, the customer:

- Decides whether to proceed with the purchase;
- Provides requested contact, business, and application information to the distributor;
- Pays the non-incentivized portion of the project cost directly to the distributor;
- Receives a distributor invoice showing the incentive as a credit off the purchase price; and
- Receives the product.

¹ The Company's various webpages can be accessed via direct links to each page, or through the welcome page for *wattsmart* Business: <https://www.rockymountainpower.net/bus/se/utah.html>.

Distributors compile and submit customer application information and the distributor is reimbursed directly for incentives paid to customers.

Incentives

The point-of-purchase offer currently has 9 qualifying distributors participating. During 2016, the program processed approximately 1,600 applications for nearly 106,157 lamps, amounting to \$690,000 of incentives paid and 6.9 million kWh saved.

To continue expanding the success and impact of the midstream Instant Incentive Program, the Company has performed additional market research and is proposing the addition of six lighting measures and an air-cooled packaged air conditioner offerings. Table 13a below shows the new lighting categories, the maximum “up to” incentives, and the proposed initial customer incentive.

Table 13a – Mid-Market Incentives – Lighting

Measure	Category	Incentive “up to”	Offered Incentive*
LED	HID Replacement Lamp <50 W	Up to \$60/Lamp	\$35/Lamp
	HID Replacement Lamp ≥50 and < 150 W	Up to \$65/Lamp	\$40/Lamp
	Wall Pack Fixture	Up to \$30/Fixture	\$20/Fixture
	Wall Pack Fixture with Occupancy Sensor	Up to \$75/Fixture	\$60/Fixture
Fluorescent	Reduced Wattage T8 Lamp	Up to \$0.75/Lamp	\$0.50/Lamp
	Reduced Wattage T5 HO Lamp	Up to \$1/Lamp	\$1/Lamp

*Up to 70% of equipment cost

HO = High Output
W = Watt

To better respond to market changes and codes and standards changes, the instant incentive offering for air-cooled packaged air conditioners will be listed in the tariff as one measure with a maximum “up to” amount. Table 13b below shows the proposed tariff addition.

Table 13b – Mid-Market Incentives –HVAC

Measure	Category	Eligibility Requirements	Incentive “up to”
Unitary Commercial Air Conditioners	Air-Cooled – Packaged Systems Only	As defined in CEE Commercial Unitary Air-conditioning and Heat Pumps Specification	\$50/Ton

Specific customer incentives will be further defined by air-conditioner size and efficiency categories. These specific customer incentives will be posted on the Company website. Figure 3 below shows the air-conditioner size and efficiency categories, and the incentive amount to be initially offered.

Figure 3 – Unitary Commercial Air Conditioners Offered Incentives

Size Category	Sub Category	Minimum Efficiency Requirements & Offered Incentive	
		\$35/ton	\$45/ton
<65,000 Btu/h	Single Phase	CEE Tier 2	--
<65,000 Btu/h	Three Phase	CEE Tier 1	CEE Tier 2
≥65,000 Btu/h and <135,000 Btu/h	--	--	CEE Tier 2
≥135,000 Btu/h and <240,000 Btu/h	--	--	CEE Tier 2
≥240,000 Btu/h and <760,000 Btu/h	--	--	CEE Tier 2
≥760,000 Btu/h	--	--	CEE Tier 2

Incentives for all lighting and HVAC measures will continue to be capped at 70 percent of qualifying equipment costs.

Program Website

Webpage content anticipated to be posted to the Instant Incentive Program website in various formats is attached hereto as Exhibit C. Webpage content is intended to capture all relevant information and requirements associated with the Instant Incentive Program. The Instant Incentive Program website will also include additional information and links that may be relevant. Information contained on the website will be updated concurrently with any program changes and whenever else may be appropriate. Information to be provided on the website may include, but not be limited to, the following:

- Instant Incentive Program overview;
- Benefits of participation;
- Eligibility requirements;
- How to participate in the Instant Incentive Program;
- How to go about getting an incentive;
- How much customer incentives will be;
- Whether incentives can fluctuate if a customer delays participation;
- How/when to apply for participation;
- When incentives will be received;
- Qualifying equipment;
- Who controls the outcome of customer projects;
- Who the Instant Incentive Program administrator is;
- What to do if customers encounter a problem or have questions;
- What commitments are required to participate;
- What happens if required commitments are not met;

- What documentation is required to participate; and
- Other requirements for participation.

Upon approval of the Instant Incentive Program changes, the information contained in Exhibit C will be posted to the existing Instant Incentive Program website.²

Projected Costs and Energy Savings

The Company has set a 2017 gross savings goal of 12.8m kWh for all midstream offerings (lighting and HVAC). Projected first year costs and savings are summarized in Figure 4 below. These projections were used in the initial program cost effectiveness analysis. Annual kWh savings in Figure 4 are at the customer meter and do not include a net-to-gross adjustment.

Figure 4 – Midstream Instant Incentive Program Projected 1st Year Costs, Incentives, & Savings

***	Delivery Cost	Incentives	Annual kWh Savings
2017	\$857,500	\$1,345,680	12,774,669

CHANGES TO PRESCRIPTIVE HVAC MEASURES

Streamline HVAC Tariff Table

To allow the program to more quickly and readily adjust to changes to energy codes, federal efficiency standards, and Consortium for Energy Efficiency (“CEE”) equipment specifications, it is proposed to streamline the HVAC incentive tables in Schedule 140. In lieu of listing the specific CEE requirements for equipment, the tariff table will instead reference the CEE standards, keeping the tariff updated as CEE requirements change. The overall format of the HVAC table has also been more consolidated, as shown in Exhibit A.

Single Package Air-Cooled Air Conditioners to Mid-Market

It is proposed to shift the primary channel for this offering to the mid-market channel, which will allow a consistent and simple message to the market and participating HVAC equipment distributors. The Company will still maintain an administrative process for allowing customers to receive incentives for post-purchase application from non-Mid-Market HVAC distributors, consistent with the mid-market LED offerings.

Add Advanced Rooftop Unit Control Measures

Significant energy savings can be achieved by retrofitting existing rooftop units with motor and economizer controls. Savings will be calculated based on site specific information, including

² The Company’s various webpages can be accessed via direct links to each page, or through the welcome page for *watt*smart Business: <https://www.rockymountainpower.net/bus/se/utah.html>.

annual building operation hours. Measure costs reported will be actual material and labor costs from customer invoices.

Incentives are intended to offset 30 to 40 percent of implementation costs and vary based on the cooling capacity of existing rooftop units. Actual measure costs will be monitored so incentives can be adjusted as costs for the advanced rooftop unit controls change.

Specific eligibility requirements will be described on the program website and in the customer application to ensure appropriate measure savings. Minimum efficiency requirements are specified in Exhibit A. Eligibility categories may include, but not be limited to:

- Project type;
- System type;
- Existing unit controls;
- Existing Equipment age; and
- Equipment Operating Schedule.

STAKEHOLDER FEEDBACK

On February 14, 2017, a draft filing package for these changes was shared with the DSM Steering Committee, and discussed during the DSM Steering Committee meeting held February 2, 2017. Adjustments were made to the filing materials based on feedback received from Steering Committee members in an effort to resolve any initial concerns raised.

COST EFFECTIVENESS

The cost-effectiveness analysis for the *wattsmart* Business Program, attached hereto as Exhibit D, was based on the maximum “up to” incentive levels. Table 5 below, pulled from Exhibit D, presents the expected cost-effectiveness of the *wattsmart* Business Program for program years 2017-2018 assuming no changes to the program (business as usual scenario). Table 6 below, also pulled from Exhibit D, presents the expected cost-effectiveness of the *wattsmart* Business Program for program years 2017-2018 assuming the proposed changes in this filing (proposed with changes scenario). Detailed inputs and results are presented in Exhibit D, and sensitivity analyses are included as Exhibits E and F. The *wattsmart* Business Program is expected to remain cost-effective from the Utility Cost Test and Total Resource Cost Test perspectives under all scenarios.

**Table 5 – Wattsmart Business Program Level Cost-Effectiveness Results - PY2017 and PY2018
 Business as Usual**

Cost-Effectiveness Test	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	\$0.0433	\$45,996,643	\$75,022,055	\$29,025,413	1.63
Total Resource Cost Test (TRC) No Adder	\$0.0433	\$45,996,643	\$68,201,869	\$22,205,226	1.48
Utility Cost Test (UCT)	\$0.0240	\$25,544,305	\$68,201,869	\$42,657,564	2.67
Rate Impact Test (RIM)		\$125,519,384	\$68,201,869	-\$57,317,516	0.54

Participant Cost Test (PCT)	\$43,780,979	\$138,436,279	\$94,655,300	3.16
Lifecycle Revenue Impacts (\$/kWh)	\$0.0001731873			

Table 6 – Wattsmart Business Program Level Cost-Effectiveness Results - PY2017 and PY2018 Proposed with Changes

Cost-Effectiveness Test	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	\$0.0431	\$51,871,192	\$90,699,712	\$38,828,520	1.75
Total Resource Cost Test (TRC) No Adder	\$0.0431	\$51,871,192	\$82,454,284	\$30,583,092	1.59
Utility Cost Test (UCT)	\$0.0232	\$27,889,096	\$82,454,284	\$54,565,187	2.96
Rate Impact Test (RIM)		\$141,162,687	\$82,454,284	-\$58,708,404	0.58
Participant Cost Test (PCT)		\$51,033,508	\$157,198,986	\$106,165,478	3.08

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

By E-mail (preferred): datarequest@pacificorp.com
michael.snow@pacificorp.com

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

Informal inquiries regarding this matter may be directed to me at (801) 220-4214.

Sincerely,



Michael S. Snow
 Manager, DSM Regulatory Affairs

Enclosures

cc: Division of Public Utilities
 Office of Consumer Services