



Michael O. Leavitt
Governor

Constance B. White
Executive Director

Frank Johnson
Division Director

State of Utah
DEPARTMENT OF COMMERCE
DIVISION OF PUBLIC UTILITIES

Heber M. Wells Building
160 East 300 South/P.O. Box 45807
Salt Lake City, Utah 84145-0807
Phone: (801) 530-6651

Reviewed
APPROVED BY COMMISSIONERS

STEPHEN C. HEWLETT
JAMES C. HEWLETT
STEPHEN C. HEWLETT

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UTAH PUBLIC SERVICE COMMISSION

August 20, 1993

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
P.O. Box 45585
Salt Lake City, UT 84145 0807

RE: Progress of PacifiCorp's Demand-Side-Resource Programs in Utah

Dear Commissioners:

The Division of Public Utilities (Division) is submitting this letter on behalf of the Demand-Side-Resource (DSR) Evaluation Task Force. The purpose of this letter is to inform the Utah Public Service Commission (Commission) of the current status of PacifiCorp's DSR programs in Utah. In Docket Number 90-035-06, "In the Matter of the Investigation into the Reasonableness of Allocation and the Rates and Charges for Utah Power & Light Company", the Commission directed the DSR Evaluation Task Force to review the progress of PacifiCorp's DSR programs. The Task Force has been diligent in its efforts to secure information from PacifiCorp regarding the progress of DSR programs. Despite repeated requests for information regarding the status of DSR programs, PacifiCorp neglected to update the Task Force of its progress until a recent Task Force meeting. This oversight seems particularly egregious given the shortfall in PacifiCorp's achieved level of DSR program activity relative to the goal prescribed in RAMPP II. As of June 30, 1993, PacifiCorp had only achieved 22% of its targeted kWh savings. It is unclear how much more savings will be achieved in 1993.

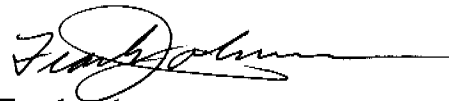
The Division is extremely concerned that cost-effective resources are not being acquired. As discussed in the Division's filing regarding compliance with the Energy Policy Act, the Division is also concerned about ensuring that PacifiCorp implement its integrated resource plan (IRP). Given this concern, the Division recommended in its filing that standards be adopted requiring PacifiCorp to implement its IRP unless a more economic alternative develops subsequent to the IRP. PacifiCorp's failure to comply with the IRP regarding the acquisition of cost-effective DSR resources reinforces the imminent need to

establish language regarding compliance with the IRP in the Commission's order Docket No. 90-2035-01, "Standards and Guidelines for Integrated Resource Planning for PacifiCorp, Utah Jurisdiction".

The DSR Task Force is concerned that PacifiCorp did not alert the Task Force of the dramatic shortfall of savings from the RAMPP II goal in a timely manner. The Task Force intends to address this concern in its recommendations to the Commission which include guidelines for the frequency of reporting on the status of DSR programs. The Task Force plans to include these recommendations to the Commission in the report that it files in December, 1993.

PacifiCorp, responding to the Task Force's concerns regarding this shortfall, expeditiously updated its "Semi-Annual Report of DSM Activities" for submission to the Commission. (See enclosed document.) At the Task Force's request, PacifiCorp will prepare a narrative on the Company's understanding of why the DSR achievements are short of the RAMPP goal. This narrative will be faxed to Task Force members prior to the September 1st Task Force meeting, and discussed at that meeting. The Task Force will update the Commission on PacifiCorp's explanation for this shortfall from target subsequent to the September meeting.

Sincerely,



Frank Johnson
Director

pc: Mike Ginsberg, Assistant Attorney General
Connie White, Executive Director
PacifiCorp
DSR Evaluation Task Force members

**PacifiCorp
State of Utah
Semi-Annual Report of DSM Activities**

This report summarizes PacifiCorp's (The Company's) Demand Side Management activities in the state of Utah for 1992 and the first half of 1993. A comparison of program activity with the RAMPP 2 goals is included.

Demand Side program activity in the state of Utah includes residential weatherization for low income households, commercial new construction (both prescriptive and non-prescriptive) and major remodels, and industrial new and retrofit projects.

Savings associated with the stated Residential and Commercial/Industrial projects are annualized estimates from deemed savings and engineering reports, respectively. Goal savings are full-year totals and are also annualized.

Demand Side activity in the Commercial sector began in Utah after the tariff for the Commercial Energy FinAnswer program was approved in November, 1991. Since then, nineteen projects have signed Energy Service charge (ESc) contracts to have energy efficiency measures installed. Of the nineteen that have signed, eight have been completed.

No activity is shown for the Commercial Prescriptive program in 1992 because the tariff was not filed and approved until late in the year. The first project was signed under the program in March, 1993. Four of the six projects that have signed this year have been completed as of June 30, 1993.

The tariff for the Industrial Energy FinAnswer program was approved in Utah in April, 1992. However, in 1991 a project in Utah signed a special contract to install energy efficiency measures under what was to be the Industrial Energy FinAnswer. That project was completed in 1992 and is included in the 1992 program numbers. Including the one project that signed in 1991, the program has signed 3 projects since it began. Of those that have signed, all have been completed as of June 30, 1993.

Table 1 of this report includes Report Definitions to clarify the stated numbers. Table 2 reports the program activity details along with the RAMPP 2 goals. Table 3 is a summary of the program activity from Table 2. Table 4 shows a listing of pipeline projects that are involved with the programs, but have yet to sign a contract or begin installation of measures.

Program Descriptions

Low Income Residential Weatherization - This pilot program was initiated and implemented through a partnership between Utah Power, the Utah Division of Energy (UDE), and the Salt Lake Community Action Program (SLCAP). The program was launched in December 1991 with a goal to develop a pilot program to install weatherization measures and deliver energy education services to qualified low-income customers.

To qualify as a program participant, a household must have had an income not exceeding 125% of the Poverty Income Guidelines, and use electric heat as the primary space heating source. In 1992, a total of 66 residences were weatherized under the program: 14 single-family and 52 multi-family units. No residences have been completed in 1993 as of June 30.

For more detail on this program see the Evaluation Reports: Utah Low-Income Pilot Process Evaluation (1992) and Utah Low-Income Pilot Impact Evaluation (1993).

Commercial New Construction: Non-Prescriptive - This program, called the Energy FinAnswer, targets large (over 12,000 square feet) new commercial buildings and commercial buildings undergoing major renovation. It provides customers with engineering services to improve each building's energy efficiency, and finances upgrades of insulation, windows, HVAC equipment, lighting and controls, at attractive interest rates. PacifiCorp follows up with inspections and commissioning to ensure measures are installed correctly and systems are operating optimally. The Company uses an ESC to recover a portion of the costs of efficiency improvements, while the customer receives a lower total electric bill.

This program was tariffed in November 1991, and since that time 20 projects have signed an ESC contract. Of those signed, eight projects have been completed. Savings attributable to those completed projects are 1,224 MWh's in 1992 and 3,375 MWh's in 1993.

For more information on this program, see the Evaluation Report titled The Energy FinAnswer 1993 Annual Evaluation Reports, dated September, 1992 and August, 1993.

Commercial New Construction: Prescriptive - This program, called the Energy FinAnswer 12,000, offers a prescriptive menu of energy-efficiency upgrades without the customized engineering design offered in the Energy FinAnswer. The menu approach is used for selecting measures and determining funding levels and savings amounts.

The Energy FinAnswer 12,000 provides upfront funding for the installation of energy saving measures in new commercial buildings or additions which are 12,000 square feet or less. Warehouses of any size are also included under the program. The ESC approach is used to recover a portion of the cost of the efficiency measures.

The tariff for this program was approved in October, 1992 and the first project to sign a

contract was in March, 1993. As of June 30, 1993, six projects have signed and four of those six have completed installation of the measures. Savings provided from the completed projects add to 150 MWh's.

Industrial - This program, called the Industrial Energy FinAnswer, provides 100% upfront funding for energy efficient technologies that reduce electrical consumption in new and existing industrial facilities. Funding is repaid by the customer through an ESc on the electric bill. Customers who are above a 12-month average threshold energy demand use of 500 KW are eligible for funding under this program.

The Industrial FinAnswer was tarified in April, 1992. In 1991 a project signed a special contract to install energy efficiency measures and is included in the program activity numbers for 1992, when the project was completed. The program has signed 3 projects and completed all of them as of June 30, 1993.

For more information on this program see the Annual Evaluation Report dated June, 1993.

TABLE 1
Report Definitions

Report Objectives:	Reporting of DSM program activities for 1992, Year-to-Date 1993 (Semi-Annual) and cumulative totals.
Goals:	Activity is reported by program as defined in RAMPP 2, the Company's two-year action plan. Stated goals are annual goals. Only those goals where programs are active are included.
Units:	Reported as projects signed under the particular program. See program descriptions for additional project information.
KWh Savings:	Savings are annualized estimates reported in two ways: on a signed contract basis, and on an installed measure (completed project) basis. Savings are estimated as the product of the average or deemed savings per unit times the number of units, or from engineering estimates of savings in an energy services contract.
Path B Projects:	Represents projects and savings attributable to the program's influence but funded by the participant. For example: ESc option is presented to the customer with savings results from DOE 2.0 modeling, and the customer opts for doing the work but using other funding. Savings are claimed by the program due to the program's influence.
ESc Signed:	Represents the number, and associated savings, of all projects which have signed Energy Service Charge contracts in that time period. May include "completed" projects if ESc was signed during that time period.
Completed Projects:	Represents the number, and associated savings, of all projects that had at least 80% of the measures installed during that time period.
Administrative Costs:	Costs associated with administration of signed, completed and pipeline projects, and other program costs.
Measure Costs:	Costs associated with measures for "completed" projects only.
Pipeline:	Represents projects that are involved with the program but have yet to sign a contract, many of which may be completed within a year. Pipeline savings are in addition to the stated savings of signed, completed, and Path B projects.

TABLE 2
Demand Side Program Activities Report - Utah
Cumulative 1992 and YTD 1993

	1992 Reported	1992 Goal	1993 YTD Reported	1993 Goal	Cumulative		Variance
					Reported	Goal	
RESIDENTIAL							
Low Income							
Number of Homes Completed	66	300	0	300	66	600	(534)
KWH Savings	55,506	876,000	0	876,000	55,506	1,752,000	(1,696,494)
Administrative Costs	\$39,645	\$0	\$56,891	\$0	\$96,536	\$0	96,536
Measure Costs	\$40,816	\$900,000	\$0	\$900,000	\$40,816	\$1,800,000	(\$1,759,184)
Total Costs	\$80,461	\$900,000	\$56,891	\$900,000	\$137,352	\$1,800,000	(\$1,662,648)
COMMERCIAL							
Non-Prescriptive: Tariff Schedule 120							
Number of ESc's Signed	14		5		19		
Number of Projects Completed	1		7		8		
Number of Path B Projects	4		2		6		
KWh Savings - ESc Signed Prjcts	3,886,000		1,737,000		5,623,000		5,623,000
KWH Savings - Completed Prjcts	477,000	5,256,000	1,967,000	11,388,000	2,444,000	16,644,000	(14,200,000)
KWH Savings - Path B Prjcts	747,000	0	1,408,000	0	2,155,000		2,155,000
Total KWh Svgs (Completed & Path B)	1,224,000	5,256,000	3,375,000	11,388,000	4,599,000	16,644,000	(12,045,000)
Administrative Costs	\$52,178	\$175,600	\$37,065	\$781,400	\$89,243	\$957,000	(\$867,757)
Measure Costs	\$14,540	\$702,400	\$857,957	\$3,125,600	\$872,497	\$3,828,000	(\$2,955,503)
Total Costs	\$66,718	\$878,000	\$895,022	\$3,907,000	\$961,740	\$4,785,000	(\$3,823,260)
Prescriptive: Tariff Schedule 122							
Number of ESc's Signed	0		6		6		
Number of Projects Completed	0		4		4		
Number of Path B Projects	0		0		0		
KWh Savings - ESc Signed Prjcts	0		128,000		128,000		
KWH Savings - Completed Prjcts	0		150,000		150,000		
KWH Savings - Path B Prjcts	0		0		0		
Total KWh Svgs (Completed & Path B)	0		150,000		150,000		
Administrative Costs	\$0		\$3,601		\$3,601		
Measure Costs	\$0		\$68,524		\$68,524		
Total Costs	\$0		\$72,125		\$72,125		
INDUSTRIAL							
Number of ESc's Signed	2		0		2		
Number of Projects Completed	1		2		3		
Number of Path B Projects	1		0		1		
KWh Savings - ESc Signed Prjcts	1,330,000		0		1,330,000		
KWH Savings - Completed Prjcts	2,285,000	6,132,000	1,330,000	9,636,000	3,615,000	15,768,000	(12,153,000)
KWH Savings - Path B	8,760,000	0	0	0	8,760,000		
Total KWh Svgs (Completed & Path B)	11,045,000	6,132,000	1,330,000	9,636,000	12,375,000	15,768,000	(3,393,000)
Administrative Costs	\$89,167	\$246,800	\$57,861	\$552,400	\$147,028	\$799,200	(\$652,172)
Measure Costs	\$374,038	\$987,200	\$181,856	\$2,209,600	\$555,894	\$3,196,800	(\$2,640,906)
Total Costs	\$463,205	\$1,234,000	\$239,717	\$2,762,000	\$702,922	\$3,996,000	(\$3,293,078)
TOTAL							
KWh Savings ESc Signed Prjcts	5,216,000		1,865,000		7,081,000		
KWh Savings Completed Prjcts	2,817,506	12,264,000	3,447,000	21,900,000	6,264,506	34,164,000	(27,899,494)
KWh Savings Path B Prjcts	9,507,000		1,408,000		10,915,000		
Total KWh Svgs (Completed & Path B)	12,324,506	12,264,000	4,855,000	21,900,000	17,179,506	34,164,000	(16,984,494)
Administrative Cost	\$180,990	\$422,400	\$155,418	\$1,333,800	\$336,408	\$1,756,200	(\$1,419,792)
Measure Cost	\$429,394	\$2,589,600	\$1,108,337	\$6,235,200	\$1,537,731	\$8,824,800	(\$7,287,069)
Total Cost	\$610,384	\$3,012,000	\$1,263,755	\$7,569,000	\$1,874,139	\$10,581,000	(\$8,706,861)

* Ramp 2 Goals for Commercial New Construction are combined for Prescriptive and Non-Prescriptive. The goals are stated in the Non-Prescriptive program category.

TABLE 3
Summary of Demand Side Activities - Utah
Cumulative 1992 and YTD 1993

	1992 Reported	1992 Goal	1993 YTD Reported	1993 Goal	Cumulative		Variance
					Reported	Goal	
RESIDENTIAL	55,506	876,000	0	876,000	55,506	1,752,000	(1,696,494)
COMMERCIAL: Non-Prescriptive	1,224,000		3,375,000		4,599,000		
Prescriptive	0		150,000		150,000		
TOTAL COMMERCIAL	1,224,000	5,256,000	3,525,000	11,388,000	4,749,000	16,644,000	(11,895,000)
INDUSTRIAL	11,045,000	6,132,000	1,330,000	9,636,000	12,375,000	15,768,000	(3,393,000)
TOTAL	12,324,506	12,264,000	4,855,000	21,900,000	17,179,506	34,164,000	(16,984,494)

**TABLE 4
PROJECT PIPELINE**

PROGRAM	PROJECT	MWh SAVINGS	STATUS
Commercial Energy FinAnswer:	Office	392	ESc's In Hand
	Office	309	ESc's In Hand
	Lodging	285	ESc's In Hand
	Other	193	ESc's In Hand
	Office	142	ESc's In Hand
	Lodging	68	ESc's In Hand
	Office	2,053	Preliminary Reports Completed
	Lodging	1030	Preliminary Reports Completed
	School	795	Preliminary Reports Completed
	School	792	Preliminary Reports Completed
	Office	341	Preliminary Reports Completed
	School	335	Preliminary Reports Completed
	School	308	Preliminary Reports Completed
	School	199	Preliminary Reports Completed
	Lodging	<u>75</u>	Preliminary Reports Completed
		7,317 MWh	
		1 Service	
	7 School		Letters Of Intent
	5 Office		Letters Of Intent
	1 Library		Letters Of Intent
	2 Other		Letters Of Intent
	3 Hospital		Letters Of Intent
	1 Government		Letters Of Intent
Commercial Path B:	IRS Building	440 MWh	
Industrial Energy FinAnswer:	Project # IN128	623	Under Study w/Prelim Energy Analysis Agreement
	Project # IN139	435	Under Study w/Prelim Energy Analysis Agreement
	Project # IN125	284	Under Study w/Prelim Energy Analysis Agreement
	Project # IN120	910	Feasibility Study Submitted, Pending Approval
	Project # IN116	<u>1,992</u>	Contract Submitted - Pending Energy Svcs Agreement
	4,244 MWh		
Competitive Bidding : Residential Multi-Family Electric Water Heating Retrofit:			
2,500 units @ 1,072 KWh per unit = 2,680 MWh		Expected by Year End 1993	
Low Income Residential Weatherization:			
108 units @ 950 KWh per unit = 102.6 MWh		Expected by Year End 1993	