

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Revisions to PACIFICORP's)
Tariff P.S.C.U. No. 43, Re: Schedule 2020, The)
Implementation of the New 20/20 Customer)
Challenge Program Rider)

DOCKET NO. 01-035-T07

ORDER

ISSUED: May 11, 2001

By the Commission:

On April 18, 2001, PacifiCorp (UP&L) filed an Application to add, to its tariff, a program to encourage Utah residential and small commercial customers to conserve their energy use during the summer of 2001. There are various qualifications for the program proposal, called the 20/20 Customer Challenge Program Rider, but, generally, customers who reduce their consumption by 20% from their consumption during the months of June, July, and August 2000, will receive an additional 20% reduction on their remaining bill for June, July, August and/or September 2001. The purpose of the program is to encourage energy conservation during the summer. Because of unprecedented wholesale market operations and prices, the value of energy conservation is heightened because of high wholesale power prices expected to prevail this summer in the western United States. UP&L has submitted numerous curtailment proposals, the 20/20 Customer Challenge being but one of them, each fostering reduced energy consumption in attempting to address the anticipated summer market, with its tight energy supplies and high costs. Reductions in UP&L customer energy use are projected to benefit UP&L and its customers through reduced reliance on high priced wholesale energy supplies that would otherwise be used to meet non-curtailed customer consumption.

The Division of Public Utilities, Utah Department of Commerce (DPU), prepared an analysis of the 20/20 Customer Challenge Program and submitted its recommendation on May 3, 2001. Because of the desire to implement the 20/20 program quickly, the DPU noted that the time constraint limited its analysis. The DPU, however, recommended that the program be approved; recommending that some issues could be deferred for later consideration. The DPU's discussion concurred in UP&L's position that the program would be beneficial in reducing UP&L's purchases in the wholesale power market. The supporting information submitted by UP&L, and reviewed by the DPU, show an overall benefit to UP&L and its customers.

The Committee of Consumer Services (CCS or Committee) analyzed the 20/20 program and recommended that the Commission not adopt the Company's proposed tariff. The CCS questioned the administrative costs and the \$152/MWh market price proxy the Company used in its analysis. The Committee expressed concern that too few people would participate in the 20/20 program which would defeat the purpose of conserving energy this summer. Instead, the CCS recommends that the Commission require the Company to modify the tariff to a 15/15 or a 10/10 program.

Upon consideration of the application, submitted information and the DPU recommendations, the Commission concludes that the 20/20 program should be approved (with the requirements suggested by the DPU). The Commission has also concluded, from the information submitted in support of the 20/20 Customer Challenge program and the Committee's analysis, that the program can be expanded and likely provide additional benefits in reduced customer energy consumption and resulting reduced power purchases. The Commission has concluded that a 10/10 program, operating like the 20/20 program, would be beneficial. Like the 20/20 program, a 10/10 program would, generally, provide residential and small commercial customers who reduce their energy consumption by 10% with an additional 10% reduction on their remaining bill. Like the 20/20 program, a 10/10 program provides benefits of reduced wholesale power purchases, generating savings in purchased power costs, which are greater than the costs UP&L attributes to such programs through customer rebates and UP&L's own reduced revenues from lower customer consumption. Like the 20/20 program, an additional 10/10 program would entail program costs of administering and supporting the 10/10 program, but the Commission does not believe that the incremental costs of a 10/10 program, in addition to the 20/20

program, would overcome the anticipated benefits of further reduced wholesale power purchases. The benefits of these programs may well be even greater, as recent wholesale prices foreshadow that the wholesale market price for energy this coming summer could easily exceed the supporting information's estimated price. These two programs also have significantly lower costs attributable to the value given by UP&L, in bill reductions to conserving residential and small commercial customers, than the value, in direct payments, UP&L will give to customers who curtail their consumption under other conservation and load reduction proposals submitted by UP&L.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The 20/20 Customer Challenge tariff proposal is approved, with the DPU recommendations.
2. Consistent with the DPU's recommendations, UP&L shall account for the costs of the program in a separate sub-account within Account 557 - Other Power Supply Expenses, to facilitate auditing of the program. UP&L shall prepare a report, providing information on the program's operations, effectiveness, and costs, and file the report within 90 days after the program ends. The report shall include the information and analysis, suggested by the DPU; including monthly energy use comparisons, number of customers participating and achieving the program's goal, monthly comparisons of program costs and avoided power costs, and weather's influence upon the program's performance. The DPU shall monitor UP&L's implementation of the program and perform the auditing recommended in the DPU recommendation.
3. UP&L shall submit a 10/10 program tariff proposal for Commission approval as soon as possible in order for a 10/10 program to be implemented and communicated to customers in conjunction with the 20/20 program.

DATED at Salt Lake City, Utah, this 11th day of May, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary