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IDAHO PUBLIC
UTILITIES COMMISSION



February 2, 2006

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

PAC-E-05-10

Attention: Jean D. Jewell
Commission Secretary

Re: In the Matter of the Application of PacifiCorp d.b.a. Utah Power & Light
Company for Approval of a new DSM cost recovery mechanism and enhanced
energy efficiency programs for Commercial, Industrial, Agricultural and
Residential Customers

PacifiCorp (d.b.a. Utah Power & Light Company) hereby submits for filing an original and eight
copies of its Petition for Clarification and Motion for Unconditional Approval.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served
on the following:

Lisa Nordstrom (ISB No. 5733)
PacifiCorp
825 NE. Multnomah, Suite 1800
Portland, OR 97232
Tel: (503) 813-6227
Fax: (503) 813-7252
Email: lisa.nordstrom@pacificorp.com

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

- By e-mail (preferred): datarequest@pacificorp.com
- By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, Oregon, 97232
- By fax: (503) 813-6060

Sincerely,

D. Douglas Larson
Vice President, Regulation
Enclosures

Lisa D. Nordstrom (ISB No. 5733)
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Attorneys for PacifiCorp

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
PACIFICORP DBA UTAH POWER & LIGHT) CASE NO. PAC-E-05-10
COMPANY FOR APPROVAL OF A NEW)
DSM COST RECOVERY MECHANISM AND)
ENHANCED ENERGY EFFICIENCY) **PETITION FOR CLARIFICATION**
PROGRAMS FOR COMMERCIAL,) **AND MOTION FOR**
INDUSTRIAL, AGRICULTURAL AND) **UNCONDITIONAL APPROVAL**
RESIDENTIAL CUSTOMERS)

COMES NOW, PacifiCorp, d/b/a Utah Power & Light Company (“PacifiCorp” or the “Company”), in accordance with RP 325 and RP 056, and hereby requests that the Idaho Public Utilities Commission (the “Commission”) clarify its Order No. 29952 or, in the alternative, unconditionally approve the proposed demand-side management (“DSM”) program offerings and tariff rider requested in this docket. PacifiCorp’s Petition for Clarification and Motion for Unconditional Approval are based on the following:

I. PROCEDURAL HISTORY

On September 6, 2005, PacifiCorp filed an Application requesting Commission approval of a portfolio of energy efficiency and DSM programs for its commercial, industrial, agricultural, and residential customers in the state of Idaho. The Company also requested approval of a cost recovery mechanism and related deferred accounting authorization. On September 30, 2005, the Commission issued a Notice of Application in this docket. The Commission Staff conducted public workshops in Preston and Rigby, Idaho in October 2005 prior to the Commission holding public hearings in Rexburg and Preston, Idaho in November 2005.

After receiving public testimony and comments filed by Staff and customers, the

Commission issued Order No. 29952 on January 12, 2006. While supporting PacifiCorp's pursuit of cost-effective DSM and energy efficiency programs, the Commission was concerned that potential DSM residential program benefits were disproportionate to the funds to be collected from the residential class. Thus, the Commission approved the Application subject to the filing of a "specific program proposal" addressing this issue with the following ordering paragraph on page 10 of Order No. 29952:

In consideration of the foregoing and as more particularly described and qualified above, IT IS HEREBY ORDERED and the Commission does hereby approve conditionally the Application of PacifiCorp in Case No. PAC-E-05-10 subject to program filing, review and approval.

The Commission also indicated that it was "prepared to adopt a one and half percent (1.5%) tariff rider with no caps to fund PacifiCorp's energy efficiency and DSM programs once a program plan has been filed, reviewed and approved." *Id.*

II. PETITION FOR CLARIFICATION AND MOTION FOR UNCONDITIONAL APPROVAL

To best address the Commission's concerns and enable the Company to properly administer its Idaho DSM programs, PacifiCorp seeks clarification on the following issues:

1. Does the Commission's conditional approval extend to all new program offerings in the Company's Application, or merely to the 1.5% tariff rider?
and
2. Does the Commission's conditional approval allow the Company to initiate new programs with the effective date of January 12, 2006 and begin directing costs, as they occur, into a DSM balancing account for eventual recovery through the tariff rider mechanism once implemented?

In Section IV below, PacifiCorp presents a "program plan" as referenced on page 10 of Order No. 29952 that describes the Company's proposed residential program offerings, an

equitable application of tariff funds to all customer classes, and a timeline for program implementation. Assuming the Commission finds PacifiCorp's program proposal acceptable, the Company requests that the Commission approve its program offerings and tariff rider without condition.

III. BACKGROUND

PacifiCorp appreciates the Commission's general support of its DSM Application and seeks to present a plan that addresses the Commission's concern regarding customer class equity/access to tariff rider funding and Staff's concern that tariff rider funding may be insufficient to support the forecasted program costs.

PacifiCorp's Application called for the introduction of three new programs, the enhancement of two existing programs, closing two programs to "new service," and the creation of a tariff rider funding mechanism to fund DSM investments on a prospective basis. The Application stated that business programs were forecasted to consume approximately 87% of the available funding compared to 13% for residential programs. Reference *Appendix 1 – Original Attachment 1 – Table 1* for more information on the cost and savings projections, as well as the suite of programs initially proposed by PacifiCorp in its Application. Given that residential customers were forecasted to contribute 39% of the funding through the tariff rider, the Commission determined in Order No. 29952 that too much disparity would exist between residential spending opportunity and funding contribution.

Staff Comments filed November 3, 2005 noted that the Company's program spending projections posed a second concern: that PacifiCorp forecasted program expenditures at a level greater than the funding of the 1.5% tariff rider could support over the three-year projection period. PacifiCorp acknowledged this as a possibility but believed this concern was manageable for several reasons. First, although program costs were estimates based on the best information at hand, actual program costs would be subject to market acceptance and may vary. Second, the speed at which program awareness and participation would occur was also an estimate. Third, the Company has experience managing outreach activities and vendor relationships to influence to some degree the activity commensurate with available funding. PacifiCorp also envisioned that after 20-24 months of program implementation that both the Commission and Company would be in a better position to review the adequacy of the 1.5% tariff rider collection

mechanism and discuss possible adjustments if appropriate.

After analyzing the impacts of filing a supplemental residential program proposal “as quickly as possible” per the Commission’s direction in Order No. 29952, coupled with the delayed implementation of the tariff rider, PacifiCorp is concerned that it may not be able to comply with the Commission’s request and still effectively manage the uncertainty in market acceptance of the programs and their associated costs. As a result, PacifiCorp recommends changes to the original implementation plan described in the Application filed September 6, 2005, as described in Section IV below.

IV. AMENDED PROGRAM IMPLEMENTATION PLAN

PacifiCorp respectfully submits the following amended implementation plan for Commission consideration:

1. Defer the implementation of the Energy FinAnswer program until a later date, relying more heavily on its companion program, FinAnswer Express, to address the needs of the commercial and industrial customer sectors.

Deferring the implementation of the Energy FinAnswer program will free up sufficient funding to allow for the expedited introduction of the supplemental residential proposal, the Home Energy Efficiency Incentive program. This will provide greater flexibility in managing the overall DSM program costs and reduce non-residential program costs to better address the disproportionate residential benefit concern.

PacifiCorp continues to believe that the Energy FinAnswer program is a solid performer and customers would find it helpful in enabling them meet their energy efficiency objectives. PacifiCorp’s plan is to defer, not eliminate, this program introduction into the Idaho market. The Company would revisit the possible introduction of the program in approximately 12 months once it can better assess long-term funding needs based the market performance of the remaining programs.

2. Add the tariff language “subject to funds availability” to business programs in order to better manage potential requests for services from the business sectors that, if left unchecked, could exceed forecasts and near-term funding availability.

3. Submit the final tariffs for the new and revised programs contained within the Application (less the Low Income Weatherization program tariff¹) with effective dates of January 12, 2006. In addition, the Company would insert minor language and symbol changes to accommodate for item #2 above and correct errors found within the draft tariffs previously provided. With the exception of item #2 above, these corrections have been reviewed with Staff. The final tariffs to be submitted are:

Schedule 155 - Irrigation Efficiency Program

Schedule 115 - FinAnswer Express Program

Schedule 117 - See Ya Later Refrigerator Program

Schedules 120/122 - Commercial Energy Services Programs (closing these to new service)

4. Accelerate the introduction of the residential Home Energy Efficiency Incentive program from July 2006 to May 2006. PacifiCorp anticipates filing the program for Commission review and approval in April 2006. This newly proposed program is described in further detail in the summary of residential offerings below.
5. Defer the implementation of the tariff rider from January 2006 to May 1, 2006, to adjust for the delayed implementation of the overall program portfolio and to better correspond to the timeframe when the Home Energy Efficiency Incentive program will become available.

For comparison purposes, reference *Appendix 2 – Amended Attachment 1 – Table 1* for more information on the cost and savings projections and suite of programs proposed in this amended implementation plan. The table has been adjusted based on changes in program mix, increased emphasis on residential programs, and differences in timing of program costs and funding revenues.

In making these adjustments, PacifiCorp addresses both the customer equity issue as well as Staff's forecasted expenditure issue. Based on the proposed changes in the implementation plan over the first three years of the program portfolio, residential customers are forecasted to contribute approximately 39% of the dollars and receive 36% of the benefit dollars, while

¹ Final drafts of the Low Income Weatherization program, Schedule 21, were submitted February 1, 2006 with an effective date of January 12, 2006. The revised program is now available to customers.

business customers would contribute 61% of the dollars and are forecasted to receive 64% of the dollars. Spending over the three-year period is projected to average 1.55% of retail revenue, much closer to the 1.5% tariff rider collection rate approved by the Commission and within a range the Company believes it can responsibly manage.

V. RESIDENTIAL PROGRAMS

In further support of the amended implementation plan proposed above, and in response to the Commission's request for a more comprehensive program proposal for residential customers, PacifiCorp offers the following supplemental information on the See Ya Later Refrigerator program and soon-to-be-filed residential Home Energy Efficiency Incentive program. It is the Company's hope that this additional information will demonstrate to the Commission that ample opportunity now exists for residential customers to fully participate in DSM programs, resulting in both the near-term bill savings and longer-term reduced system costs.

See Ya Later Refrigerator program:

This program removes older, less efficient refrigerators and freezers from customer homes (and the electrical grid) and recycles them to insure they are not re-sold (and re-connected to the grid). Refrigerators available today use about 40% less energy than models manufactured as recently as 15 years ago, resulting in an average per unit savings of 1,000 kWh. According to Company survey data, 14% of Idaho's 48,000 residential customers have a second refrigerator. The same data indicates 72% have a stand-alone freezer. These customers may request See Ya Later Refrigerator program services by calling a toll-free number. The third-party implementation contractor handles all services related to picking up the equipment, recycling it, and disbursing the customer incentive payment. The proposed implementation contractor for Idaho is the same one that currently delivers the program in Utah (and has since June 2003), where 99% of participating customers reported they were "very satisfied" or "satisfied" with program services during the most recent evaluation. The vendor also began delivering the program within the Company's Washington service area in April 2005 and has been met with positive customer participation.

The benefit-to-cost ratios for this program are strong – more than \$3 in benefits are

projected for each \$1 in program costs. These benefit-to-cost results are the highest of the proposed Idaho programs within any customer class. Third-party evaluation results for two program years in Utah demonstrate similar robust benefit-to-cost ratios. Other utilities that have run or are running refrigerator retirement programs include the Los Angeles Department of Water & Power, Southern California Edison, Pacific Gas & Electric Company, Nevada Power Company, Puget Sound Energy, and Snohomish County Public Utility District.

Home Energy Efficiency Incentive program:

This newly proposed program will provide a broad platform to deliver incentives for more energy efficient products and services to be installed or received by Idaho residential customers with a new or existing home. While the product and service mix is undergoing comprehensive analysis, broad categories under consideration include appliances, water heaters, lighting, heating and cooling equipment, windows, and insulation. This program is being designed to leverage marketing and delivery through local businesses and service providers to minimize costs and direct the largest share of the program budget to incentives. To this end, two incentive delivery options will be employed: 1) a retailer buy-down for lighting equipment, resulting in the retailer offering a lower price to the customer, and 2) a post-purchase delivery for all other types of equipment or services. Incentives for some measures may be offered seasonally to complement other offerings, while others will be offered year round. Proof of professional installation will be required where necessary to insure energy savings. Measure mix and specifications will be reviewed and adjusted on a regular basis to reflect sales volumes, codes and standards, and program impacts. The Home Energy Efficiency Incentive program is currently forecasted to spend over 40% of the three-year residential program spending estimates (for all residential programs combined) and contribute over 50% of the residential program energy savings (again, for all residential programs combined). The program is on a design path to be available to Idaho residential customers in May 2006, contingent on approval of the final program by the Commission. For more information on the Home Energy Efficiency Incentive program and other programs within the Company's amended implementation plan refer to *Appendix 2 – Amended Attachment 1 – Table 1*.

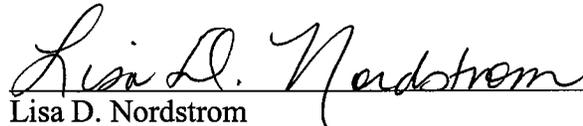
VI. CONCLUSION

PacifiCorp believes that the evidentiary record in this proceeding is sufficient for the Commission to issue its Order clarifying Order No. 29952 as requested above or, in the alternative, unconditionally approve the tariff rider and proposed program offerings in PacifiCorp's Application based upon the program plan discussed herein. Because an extended period for clarification could impact the availability of the new program offerings for irrigation customers this season, PacifiCorp requests that the Commission expedite its review of this Petition to whatever extent possible.

The Company respectfully requests that the Commission clarify Order No. 29952 in the manner described above or, in the alternative, approve PacifiCorp's program offerings and tariff rider without condition if its program plan satisfies the Commission's concerns identified in that Order.

Dated this 2nd day of February, 2006.

Respectfully submitted,



Lisa D. Nordstrom
Attorney for PacifiCorp

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 2nd day of February 2006, I served a true and correct copy of the within and foregoing PETITION FOR CLARIFICATION AND MOTION FOR UNCONDITIONAL APPROVAL upon the following named parties by the method indicated below, and addressed to the following:

Jean Jewell, Commission Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074

X

Hand Delivered
U.S. Mail
Overnight Mail
FAX

Scott Woodbury
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720-0074
Boise, ID 83720-0074

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Hand Delivered
U.S. Mail
Overnight Mail
FAX



Lisa D. Nordstrom
Attorney for PacifiCorp

Appendix – 1 – Original Attachment 1 – Table 1 from Application dated September 6, 2005 (Case No. PAC-E-05-10)

Attachment 1 - Table 1

Programs	Type	Delivery	Duration	Nov 1 2005 to Dec 31, 2006			Year 2			Year 3		
				\$	Mwa	MW	\$	Mwa	MW	\$	Mwa	MW
Irrigation Efficiency	New	Third party	2.25 years	\$ 720,229	0.59		\$ 567,950	0.51		\$ -	0.00	
Energy												
FinAnswer - Incentives	Enhanced	Company	on-going	\$ 613,000	0.21	0.16	\$ 1,798,000	0.63	0.49	\$ 2,382,000	0.79	0.612
FinAnswer Express	New	Company + outsourcing	on-going	\$ 176,435	0.05	0.06	\$ 170,257	0.07	0.09	\$ 170,309	0.07	0.09
See Ya Later	New	Third party - JACO	2 years	\$ 258,387	0.16	0.25	\$ 258,387	0.16	0.25	\$ -		
Low Income Weatherization	Enhanced	Community Action Agencies	on-going	\$ 156,585	0.04		\$ 176,585	0.04		\$ 156,585	0.04	
Irrigation Load control *	Existing	KT Services & Company	on-going	\$ 370,000		50	\$ 370,000		50	\$ 370,000		50
Market Transformation	Existing	NW Energy Efficiency Alliance	on-going	\$ 253,000	0.44		\$ 210,000	0.44		\$ 210,000	0.44	
Totals				\$ 2,547,636	1.50	50.5	\$ 3,551,179	1.9	50.83	\$ 3,288,894	1.3	50.7
% of revenue **				2.1%			2.9%			2.7%		

As % of 14 month revenue

1.8%

* Does not include estimated \$850,000 of participation credits currently in power costs. Participation credits depend on monthly enrollment and avoided kW.

** Based on Table A and \$121,878,000 in revenue (less special contracts)

Initial collection rate set below 14 month projected expenditures based on professional judgment and prior experience with ramp up times in new markets.

Appendix 2 – Amended Attachment 1 – Table 1 from the Application dated September 6, 2005 (Case No. PAC-E-05-10)

Amended Attachment 1 - Table 1

Programs	Type	Delivery	Duration	Through December 2006		Year 2		Year 3		Totals	% spent	% funded
				\$	Mwa	\$	Mwa	\$	Mwa			
Irrigation Efficiency	New	Third party	2 years	\$ 460,000	0.37	\$ 570,000	0.51	\$ 258,000	0.22			
Energy												
FinAnswer - Incentives	Postponed	Company	on-going									
FinAnswer Express	New	Company + outsource	on-going	\$ 175,000	0.05	\$ 250,000	0.10	\$ 250,000	0.10	0.13		
Market Transformation - Commercial & Industrial*	Existing	NW Energy Efficiency Alliance	on-going	\$ 155,400	0.33	\$ 155,400	0.33	\$ 155,400	0.33			
Irrigation Load control**	Existing	KT Services & Company	on-going	\$ 370,000		\$ 370,000		\$ 370,000		50		
Sub total Commercial & Industrial Programs				\$ 1,160,400		\$ 1,345,400		\$ 1,033,400				\$ 3,539,200
See Ya Later	New	Third party - JACO	2 years	\$ 175,000	0.11	\$ 320,000	0.21	\$ -		0.31		
Home Energy Efficiency Incentive	Proposed	TBD	on-going	\$136,000	0.15	\$330,000	0.36	\$340,000	0.37			
Low Income Weatherization	Enhanced	Community Action Agencies	on-going	\$ 156,585	0.04	\$ 176,585	0.04	\$ 156,585	0.04			
Market Transformation - Residential*	Existing	NW Energy Efficiency Alliance	on-going	\$ 54,600	0.11	\$ 54,600	0.11	\$ 54,600	0.11			
Sub total Residential Programs				\$ 522,185		\$ 881,185		\$ 551,185				\$ 1,954,555
Totals				\$ 1,682,585	1.16	\$ 2,226,585	1.7	\$ 1,584,585	1.2	50.13		\$ 5,493,755
% of retail revenue ***				1.8%		1.7%		1.2%				
Estimated Retail Revenues				\$95,000,000		\$128,330,000		\$131,538,250				

* Based on % of Alliance's budgets allocated between their Residential Sector Initiative, Commercial Sector Initiative, and Industrial Sector Initiative.
 ** Does not include estimated \$850,000 of participation credits currently in power costs. Participation credits depend on monthly enrollment and avoided kW.
 *** Based on 2005 actual retail revenues seasonally adjusted for year 1 and escalated at 2.5% in years 2 & 3 (load growth and any possible rate adjustments) and Tariff Rider is implemented effective May 1, 2006.