Office of the Secretary
Service Date
July 13, 2012

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP DBA ROCKY MOUNTAIN POWER'S APPLICATION TO REVISE ELECTRIC SERVICE SCHEDULE 115 FINANSWER EXPRESS	))))))	**CASE NO. PAC-E-12-10** **ORDER NO. 32594**

On May 15, 2012, PacifiCorp dba Rocky Mountain Power applied to the Commission for an Order approving proposed revisions to Electric Service Schedule 115, FinAnswer Express, effective July 14, 2012. Application at 1. The Company asked that the matter be processed under Modified Procedure. *Id.* at 3. On June 5, 2012, the Commission issued a Notice of Application and Modified Procedure setting a June 26, 2012 comment deadline and a July 3 reply deadline. *See* Order No. 32562. Commission Staff subsequently filed the only comments in the case. The Company did not reply.

With this Order, the Commission grants the Company's Application as further described below.

THE APPLICATION

The Company says it intends the FinAnswer Express Program (the "Program") to help commercial and industrial customers reduce their electricity needs by implementing energy efficient measures. The Company says the Program is available to commercial and industrial customers under General Service Rate Schedules 6, 6A, 7, 7A, 9, 12, 19, 23, 23A, 24, 35, and 35A, and to dairy barns served under residential rate schedules. Customers who receive service on Schedule 10 are ineligible for the Program because they receive energy efficiency services and incentives through the Irrigation Energy Savers plan (Schedule 155). Goddard Direct at 2.

With this Application, the Company proposes to update the Program to: (1) align with new federal lighting standards expected to be effective July 14, 2012; (2) align with upcoming changes to other codes, standards, third party specifications and new market data; and (3) increase the participation in, and the comprehensiveness of, the Program by adding new measures for appliances, dairy/farm equipment, and small compressed air. Application at 2-3. The Company describes proposed changes such as Retrofit Lighting Changes, New Construction/Major Renovation Lighting Changes, removing Motor Incentives, modifying

HVAC Incentives, Mechanical and Other Energy Efficiency Measure Changes, Building Envelope Changes, Food Service Equipment Incentives, Office Equipment Incentives, and other changes. *See* Goddard Direct at 2-14.

The Company also proposes to streamline Program administration by offering the Program through a "flexible tariff" that would enable the Company to manage Program details such as qualifying equipment and services, incentive amounts, dates for incentive availability and other terms and conditions using the Company's web site instead of the Schedule 115 tariff sheets. The Company's Application attaches the details the Company proposes to manage through the "flexible tariff." These include definitions, incentive tables, and general incentive information. The Company says hard copies of "Program materials will be available upon request from [*sic*] customers who do not have web access." *Id.* at 3.

The Company includes a flow chart describing how it will manage future changes to Program details. Goddard Direct at 17. The Company says it will notify customers of changes by posting the changes on the Company's web site. The Company will also notify its staff, Program delivery contractors, and participating vendors so they can inform customers about the changes. *Id.* at 17-18.

STAFF COMMENTS

Staff reviewed the Company's Application and supports the Company's proposals to modify the Program and establish a flexible tariff for Schedule 115. In sum, Staff commented on the proposed Program modifications, flexible tariff, and cost-effectiveness as follows.

Program Modifications

Lighting Incentives

On July 14, 2012, new federal lighting standards will eliminate the manufacturing and importation of many low-cost, inefficient light bulbs. This will prompt a lighting-retrofit-project increase in the Company's service territory, require the Company to increase its deemed baseline for retrofits, decrease the available savings for these projects, and significantly impact the Program's cost-effectiveness. To address this concern, the Company will adjust the incentive amounts and qualifications for lighting retrofits and eliminate incentives for certain lighting upgrades.

Motors Incentives

As of January 15, 2011, incentives are no longer available for National Electrical Manufacturers Association Premium Efficiency motors. Because these incentives are no longer being paid, the Company will remove this table from the tariff.

Heating, Ventilation, and Air Conditioning (HVAC) Incentives

On January 1, 2010, the American Society of Heating, Refrigerating and Air Conditioning Engineers standards set a new, part-load cooling metric for unitary HVAC equipment greater than 65k Btu/hour. The new metric – the Integrated Energy Efficiency Ratio (IEER) – is a number expressing cooling part-load EER efficiency for commercial unitary air-conditioning and heat pump equipment based on weighted operation at various load capacities for the equipment. To address the new metric and an expected, September 2012 increase in federal minimum efficiency requirements for packaged terminal heat pumps and air conditioners, the Company will revise Program eligibility requirements, incentives, and minimum efficiency requirements. The Company also will add ground-source and groundwater-source heat pumps and heat pump loops to the Program to increase its comprehensiveness.

Mechanical and Other Energy Efficiency Measures (EEM)

In current Schedule 115, the Mechanical and Other EEM table includes a few measures from categories including HVAC, building envelope, food service, and office equipment. The Company proposes expanding these categories to increase Program participation and comprehensiveness and to streamline Program administration. Given the new measures in each category, the Company will use a Mechanical and Other EEM table in each category. Most of the measures in the current Mechanical and Other EEM table have been updated and moved into proposed new measure tables as summarized below:

Food Service Equipment Incentives

The Company will add a food service measure table to the Program details, which includes residential refrigerators/dishwashers used in a business, ENERGYSTAR commercial refrigerators/freezers, air-cooled ice machines, commercial dishwashers, electric insulated holding cabinets, electric steam cookers, electric commercial fryers, electric convection ovens, electric griddles, electric combination ovens, and LED refrigeration case lighting. The Company will discontinue incentives for beverage machine occupancy sensors. The Company will replace incentives for refrigerated display occupancy sensors with a new measure for occupancy sensors in refrigerated cases with LED lighting. The Program's residential dishwasher and refrigerator incentives will align with the Company's Home Energy Savings program and enable customers to acquire additional cost-effective savings.

Office Equipment Incentives

The Company will expand Plug-Load Occupancy Sensors measure to include Smart Plug Strips, which limit standby power consumption of plug-load appliances by switching off power to the strip when a minimum electrical load is sensed. The Company will also add a Network PC Management Software measure.

Additional New Measures

The Company also proposes adding Program measures to increase Program participation and comprehensiveness. These new measure categories will include appliances, dairy/farm equipment, and small compressed air. The incentives for residential appliances will align the Program with the Company's Home Energy Savings Program and capture additional cost-effective measures for commercial customers.

Flexible Tariff

The Schedule 115 tariff currently outlines Program details like qualifying equipment and services, incentive amounts, and other terms and conditions. The current tariff sheet has 13 pages of detailed information that the Company will need to frequently modify due to rapidly changing codes, standards, and third party specifications for energy efficiency measures. With the proposed measure changes, the Company estimates that the tariff will expand to over 30 pages. Staff does not believe that the Program's tariff needs to be detailed with such granularity.

The Company's proposed flexible tariff will let the Company manage and publish Program details on the Company's web site, with hard copies provided to customers upon request, while allowing for adequate Staff input. Before the Company makes Program changes, it will provide Staff with its intended modifications and allow sufficient time to resolve any Staff concerns. The Company says that after Staff's concerns are resolved, it will clearly post the final set of changes in its web site at least 45 days before the changes are to take effect.

Cost-Effectiveness

The Company believes the Program will continue to be cost-effective with the proposed changes. Except for the envelope measures, each of the Program's measure groups passes the Total Resource Cost Test (TRC).[1] The TRC ratio for the envelope measures is 0.916, and those measures do pass the enhanced PTRC Test as well as the Utility Cost Test.[2]

DISCUSSION AND FINDINGS

We have reviewed the filings in this case, including the Company's Application and Staff's comments. Based on our review of the record, we find the Company's proposed Program modifications and the use of a flexible tariff are fair, just, and reasonable. Accordingly, we approve the Application.

With respect to the Company's proposed Program modifications, we note that we have previously ordered the Company to pursue all cost-effective energy measures. This requires the Company to eliminate or modify energy efficiency measures that are not cost-effective while implementing measures that it believes will be cost-effective. We find that the Company's proposed Program modifications further this goal, and we approve them. We note that a third party still must evaluate the Program's actual electricity savings, and that our approval of the proposed modifications here does not mean that we ultimately will find that Program expenditures were prudent. We will assess whether Program expenditures were prudent when the Company seeks a prudency determination of its entire DSM portfolio.

With respect to the Company's proposed flexible tariff, we note that the Company's proposal to manage Program details through a flexible tariff is similar to the approach we have approved for other companies. New codes, standards, third party specifications, and market data impact the Company's overall implementation of tariffed programs, but are not specifically detailed in the tariffs on file with the Commission. Allowing a company to modify program details through a flexible tariff shortens the time needed for the modifications to take effect, while still holding the company accountable for the expenditures through a prudency review. Accordingly, we find it is reasonable to let the Company adjust Program details without advance Commission approval if the Company informally obtains Staff input and resolves any Staff concerns before implementing the change.

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[1] The TRC test is a program cost-effectiveness test that reflects the Program's total costs and benefits to all customers in the utility's service territory. A benefit/cost ratio greater than 1.0 under the TRC test means that the Program is beneficial to the utility and its ratepayers on a total resource cost basis.

[2] The PTRC test is an enhanced TRC test with a conservation adder. The UCT calculates a program's costs and benefits from the utility's perspective (i.e., how the program will impact the utility's revenue requirement).

ORDER

IT IS HEREBY ORDERED that the Company's Application is granted. The Company may revise Electric Service Schedule 115, FinAnswer Express, and establish a flexible tariff, consistent with the body of this Order, with such revisions to take effect July 14, 2012.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. PAC-E-12-10 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th day of July 2012.

PAUL KJELLANDER, PRESIDENT

MACK A. REDFORD, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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