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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** **COMMENTS OF THE COMMISSION STAFF**

The Staff of the Idaho Public Utilities Commission, comments as follows on the Application of PacifiCorp dba Rocky Mountain Power ("Company") to revise Electric Service Schedule 115, FinAnswer Express.

BACKGROUND

On May 15, 2012, the Company 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 asks that the matter be processed under Modified Procedure. *Id.* at 3.

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 Program is available to commercial and industrial customers under General Service Rate Schedules 6, 6A, 7, 7A, 9, 12, 19, 23, 23A, 24, 35, 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 hardcopies 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 ANALYSIS

Staff has reviewed the Company's Application and supports the Company's proposals to modify the Program and establish a flexible tariff for Schedule 115. Staff's analysis is discussed below.

Lighting Incentives

On July 14, 2012, the U.S. Department of Energy will implement changes to the federal lighting standards that will eliminate the manufacturing and importation of many low-cost, inefficient light bulbs. Light bulbs manufactured in the United States, or imported for sale in the United States, will need to meet higher efficacy (lumen/watt) requirements. These new lighting efficiency standards will produce a corresponding increase in lighting retrofit projects throughout the Company's service territory. However, the new efficiency standards will require the Company to increase its deemed baseline for retrofits. This will decrease the available savings for these projects and significantly impact the Program's cost-effectiveness. To address this concern, the Company proposes to adjust the incentive amounts and qualifications for lighting retrofits and eliminate incentives for certain lighting upgrades. Staff has reviewed the proposed changes necessitated by the standards change and supports the Company's adjustments.

Motors Incentives

As of January 15, 2011, incentives are no longer available for National Electrical Manufacturers Association Premium Efficiency motors. Table 2a of the Company's current Schedule 115 tariff lists the incentives paid for these motors. Because these incentives are no longer being paid, the Company proposes removing this table from the tariff.

Heating, Ventilation, and Air Conditioning (HVAC) Incentives

On January 1, 2010, a new part-load cooling metric for unitary HVAC equipment greater than 65k Btu/hour took effect in the American Society of Heating, Refrigerating and Air Conditioning Engineers standards. The new metric, called the Integrated Energy Efficiency Ratio (IEER), replaces the previous metric, the Integrated Partial Load Value. The IEER is a single number figure 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. The Air-Conditioning, Heating, and Refrigeration Institute only reports IEER values in its equipment directory.

To address these changes and the anticipated increase in federal minimum efficiency requirements expected in September 2012 for packaged terminal heat pumps and air conditioners, the Company proposes revising the Program's eligibility requirements, incentives, and minimum efficiency requirements. The Company also proposes to 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 the current Schedule 115, the Mechanical and Other EEM table includes a small number of measures from several categories including HVAC, building envelope, food service, and office equipment. The Company proposes expanding these measure categories to increase Program participation and comprehensiveness, and to streamline Program administration. Given the number of new measures in each category, the Company will replace the Mechanical and Other EEM table in each category with a new table. 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 proposes to 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 offering incentives for beverage machine occupancy sensors due to anticipated federal code changes in 2012. The Company also will discontinue offering incentives for refrigerated display occupancy sensors and replace them 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 plans to expand the measure for Plug Load Occupancy Sensors to include Smart Plug Strips, which limit stand-by 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 current Schedule 115 tariff outlines Program details such as qualifying equipment and services, incentive amounts, and other terms and conditions. The current tariff sheet consists of 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 would 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 would allow the Company to manage and publish Program details on the Company's website, with hardcopies provided to customers upon request. In addition, the flexible tariff will still allow for adequate Staff input. Before the Company makes Program changes, it will provide Staff with its intended modifications and allow sufficient time for Staff concerns to be resolved. The Company says that after Staff's concerns are resolved, it will clearly post the final set of changes in its website at least 45 days before the changes are to take effect.

This flexible tariff process is the one used for the Company's Home Energy Savers Incentive Program (Schedule 118), which the Commission approved in 2006. Further, granting the Company a flexible tariff is consistent with how the Commission has structured oversight of Idaho Power and Avista's Demand Side Management (DSM) programs. Neither of those two companies is required to get Commission approval for detailed program adjustments.

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, although this measure group is relatively small in the overall Program, and passes the enhanced PTRC Test as well as the Utility Cost Test[2].

The Company must pursue all cost-effective energy measures. Accordingly, it must improve its DSM by eliminating or modifying measures that are not to be cost-effective, and

[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).

implement measures that it believes will be cost-effective. Though Staff supports the Company's proposed changes, a third-party impact evaluation will need to be completed to determine the Program's actual electricity savings.

STAFF RECOMMENDATIONS

Staff recommends the Commission approve the Company's Application and proposed changes to the Company's Program. Staff reminds the Company that approval of this Application does not guarantee that the Commission will find that Program expenditures were prudent. Program expenditures will be evaluated for prudency when the Company seeks a determination on its entire DSM portfolio.

Respectfully submitted this 26th day of June 2012.

Karl T. Klein
Deputy Attorney General

Technical Staff: Donn English
Stacey Donohue

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 26th DAY OF JUNE 2012, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. PAC-E-12-10, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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